

Exploring the Talent Boost Index:  
Management and Leadership of Skilled Migrants in SMEs

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### Abstract

Shortage of skilled workforce is a pressing issue for many developed countries with an ageing population. Skilled migrants are often proposed as one solution to alleviate the shortage. In Finland - and elsewhere in Europe - small and medium sized companies (SMEs) play a pivotal role in employing skilled migrants since two thirds of private sector employees work in SMEs. A cross-functional working group set up by the Talent Boost Finland program created a self-assessment tool for companies to map Finnish SMEs' willingness and ability to recruit, integrate and lead international talent. This exploratory study draws and examines data from the self-assessment tool identifying key challenges that SMEs face when managing and leading international talent. Consequently, the study may be used to inform private or public activities to reduce skills shortage in Finland and potentially in other developed countries.

Previous research on skilled migrants' labor market outcomes has mainly focused on the macro-national or micro-individual level. Yet, the meso-organizational level is essential from the perspective of both skilled migrants and organizations, since companies strongly influence the skill-utilization of skilled migrants. The literature on managing skilled migrants focuses on the large multinational enterprise (MNE) context, and on companies located in Anglo-Saxon countries, leading to contextual deficiencies. This study aims to address the afore-mentioned gaps by focusing on the management (recruitment and integration) and leadership of skilled migrants from the perspective of SMEs located in a non-Anglo- Saxon country.

The aim of the study is to integrate multidisciplinary literature and to identify situations that address the competencies of SMEs to manage and lead skilled migrants in pre-organizational and post-organizational entry phases. The study proposes a novel context-specific framework, and a series of propositions are developed. The framework and the propositions aim to find factors influencing the management and leadership of skilled migrants in SMEs.

According to the findings and literature reviewed, seven factors influence the management and leadership of skilled migrants in SMEs. Key challenges the SMEs experienced were the following: insufficient access to the global talent pool, lack of activities targeted for the integration of skilled migrants, and inadequate willingness to gain inclusive leadership skills. The results have extensive managerial implications that, if correctly addressed, can help capitalize on international diversity in SMEs. The implications have been translated into suggested activities for two important stakeholders acting in the studied business environment: recommended managerial activities for SMEs, and practical guidelines for organizations supporting SMEs.

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**Keywords** skilled migrants, diversity management, SMEs, skill shortage

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**Tiivistelmä**

Monissa kehittyneissä maissa, joiden populaatio ikääntyy, pula osaavista työntekijöistä on ajankohtainen ongelma. Kansainvälisiä osaajia on usein ehdotettu yhdeksi ratkaisuksi lievittämään osaajapulaa. Suomessa ja muualla Euroopassa pienet ja keskisuuret yritykset (pk-yritykset) ovat tärkeässä osassa kansainvälisten osaajien palkkaajina, koska kaksi kolmasosaa yksityisen sektorin työpaikoista on pk-yrityksissä. Poikkihallinnollisen Talent Boost Finland -toimenpideohjelman työryhmä teki yrityksille suunnatun itsearviointityökalun kartoittaakseen suomalaisten pk-yritysten halua ja osaamista rekrytoida, integroida ja johtaa kansainvälisiä osaajia. Tämä tutkimus tarkastelee itsearviointityökalun tuottamaa aineistoa, ja tunnistaa keskeiset haasteet, joita pk-yritykset kohtaavat kansainvälisten osaajien johtamisessa ja johtajuudessa. Näin ollen, tätä tutkimusta voidaan hyödyntää niin Suomessa kuin mahdollisesti muissakin kehittyneissä maissa suunniteltaessa yksityistä ja julkista toimintaa, jonka tarkoituksena on lieventää työvoimapulaa.

Aikaisempi tutkimus kansainvälisten osaajien työllistymisestä on pääasiassa keskittynyt yhteiskunnalliseen makrotasoon tai yksilön mikrotasoon. Kuitenkin, organisatorinen eli metataso on oleellinen kansainvälisen osaajan ja organisaatioiden näkökulmasta, koska yritykset vaikuttavat vahvasti kansainvälisten osaajien osaamisen käyttöön. Kirjallisuus kansainvälisten osaajien johtamisesta on keskittynyt suurin kansainvälisiin yrityksiin, jotka sijaitsevat anglosaksisissa maissa mistä seuraa kontekstuaalisia puutteita. Tällä tutkimuksella pyritään käsittelemään edellä mainittuja kuiluja keskittymällä kansainvälisten osaajien johtamiseen (rekrytointi ja integraatio) ja johtajuuteen pk-yrityksissä, jotka sijaitevat maassa, joka ei ole anglosaksinen.

Tämän tutkimuksen tavoite on tunnistaa tilanteet, joissa pk-yritysten kyvyt kansainvälisten osaajien johtamiseen ja johtajuuteen tulevat ilmi, tukeutuen monitieteelliseen kirjallisuuteen. Tutkimuksen asetelma on eksploratiivinen ja siinä käytetään monimuuttuja-analyyseja. Tutkimuksessa ehdotetaan uutta kontekstiin sopivaa viitekehystä, ja kehitetään sarja väitteitä. Viitekehysten ja väitteiden avulla pyritään löytämään tekijät, jotka vaikuttavat kansainvälisten osaajien johtamiseen ja johtajuuteen pk-yrityksissä.

Löydöksiin ja kirjallisuuteen perustuen, löydettiin seitsemän tekijää, jotka vaikuttavat kansainvälisten osaajien johtamiseen ja johtajuuteen pk-yrityksissä. Keskeiset haasteet, joita pk-yritykset kokivat olivat: riittämättömät yhteydet globaalien osaajien reserviin, kansainvälisten osaajien integrointiin suunnattujen toimien puute ja vaillinaisen halu inkusiivisten johtajuustaitojen hankkimiseen. Tuloksista voi johtaa useita käytännönsovelluksia, jotka voivat auttaa kansainvälisen monimuotoisuuden hyödyntämisessä pk-yrityksissä. Käytännönsovellukset on esitetty toimina, jotka ovat kohdistettu kahdelle tärkeälle sidosryhmälle: suositellut johdon toimet pk-yrityksille, ja käytännön ohjeistukset organisaatioille, jotka tukevat pk-yrityksiä.

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# **1. Introduction**

In 1881 Carl Robert Mannerheim, the father of marshal Mannerheim, advertised an open position in a German newspaper looking for a paper mill manager, since there were few candidates with such technical skills in Finland (Pölkki, 2020). In the 19<sup>th</sup> century, shortage of skilled professionals constrained Finland, since the country offered limited opportunities for higher education and gaining work experience (Ahvenisto, 2008). Carl Mannerheim confronted the constraint with a solution – seeking talent from abroad. As a result, a skilled migrant, an Austrian professional Gottlieb Kreidl became the cartridge of the Verla mill, a notable factory community in rural Finland, which developed to be famous for its vivid international relationships (Ahvenisto, 2008).

Today we are facing a similar issue although Finland is ranked at the top in offering education that meets the needs of a competitive economy (Bris & Cabolis, 2020). Now different drivers, such as an aging population and a decreasing birth rate, cause shortages of skilled workforce (Lämsä et al., 2019). While the cause for the skill shortage might be different, the cure may be the same: the potential of skilled migrants may provide one solution to sustain the performance of many companies in Finland (Lähdesmäki & Suutari, 2020; Lämsä et al., 2019). The archival success story of the Verla mill's skilled migrant inspires this thesis that seeks to better understand the relationship between Finnish employers and skilled migrants.

## **1.1. The Talent Boost Index – a self-assessment tool for companies**

The Talent Boost program was established by the government of Finland in 2017 since “the availability of talent is one of the biggest obstacles to growth and internationalisation in companies and other organisations” (TEM, 2020). The program has three core objectives. The first is that Finland is an attractive place to work, study and research. The program's initial aim was to attract international specialists to work in Finland but in 2019 the aim was broadened to attract a wide spectrum of immigration of labor force. The second objective is to assure the willingness and ability of Finnish employers to recruit international professionals. Thirdly, the Talent Boost program wants to strengthen, with the expertise of international professionals, the internationalization and revitalization of Finnish companies and organizations. The Talent Boost ecosystem consists of public organizations including

Business Finland, the Chambers of Commerce, TE Employment Service, and large and regional cities. (TEM, 2020)

The cross-functional *Talent Boost Index* working group, formed by the government organization Business Finland and Helsinki Region Chamber of Commerce, developed a self-assessment tool called the *Talent Boost Index*. The *Talent Boost Index* is targeted for Finnish companies, and particularly for SMEs, since the aim is to research the willingness and ability of SMEs to manage and lead international diversity (Talent Boost Index, 2020). The *Talent Boost Index* acknowledges comprehensively the multiple steps that SMEs need to take to prepare the organization for managing skilled migrants. The aspiration of the *Talent Boost Index* working group was to investigate what challenges the companies face when managing and leading foreign employees, in order to support them in these activities (Discussion with Hiekkänen-Mäkelä, 2020).

The *Talent Boost Index* targets particularly SMEs since they are a notable employer – two thirds of private sector workplaces are in SMEs (EK, 2019). In addition, a recent study conducted by Business Finland on SMEs revealed that 49 % of companies with less than 50 employees, and 33 % of companies with more than 50 employees, needed strengthening in the know-how for exporting and internationalization growth (EK, 2019). Hence, the *Talent Boost Index* working group suggest that a way to strengthen the know-how may be recruiting a foreign employee with target market knowledge (Discussion with Hiekkänen-Mäkelä, 2020). Additionally, the working group seeks to gain a better understanding on how international professionals would become widely integrated in Finnish SMEs (Discussion with Hiekkänen-Mäkelä, 2020). The purpose of this thesis is to quantitatively explore the data collected in the *Talent Boost Index* and thus identify the key challenges the SMEs face when managing and leading foreign employees.

This thesis is a part of a joint project between Aalto University and Business Finland, and it is commissioned by Business Finland. In addition to the current thesis, the project included two other Master's theses by Rafael Polanco (2020) and Johanna Virta (2020). Polanco (2020) studied the assessment tools focused on diversity and inclusion, and Virta (2020) examined the connection between international diversity and success in the firm's internationalization.

## **1.2. Rationale for the management and leadership of skilled migrants**

Previous research on the labor market outcomes – employment status and earnings – of skilled migrants has mainly focused on macro-national level, or micro-individual level, where the emphasis has been either on the national laws and policies, or on the careers of skilled migrants (Tharenou & Kulik, 2020). Yet, the meso-organizational level is essential from skilled migrants' perspective as organizations play a key role in the career development of skilled migrants, and from organizations' perspective, as skilled migrants may beneficially influence the performance of the organizations (Almeida et al., 2015; Zikic, 2015). Therefore, a more profound comprehension of the employers' perspective is needed to understand the role the companies play in skilled migrants' labor market outcomes.

Next, I will discuss the management of skilled migrants in organizations. The viewpoint of this thesis is that managing international talent is a journey for an organization, which includes two entities: recruitment (pre-organizational entry phase) and integration (post-organizational entry phase) of skilled migrants. The journey has its origins in the economic and moral motivations of leaders, and builds up to be the commitment of leadership (Ng and Wyrick, 2011). In practice, the journey begins when a company recognizes skilled migrants as a potential talent pool. The recognition is motivated by economic values such as shortage of skilled workforce (Bahn, 2015; Damelang et al., 2019; Lämsä et al., 2019) or innovation promoting properties of multicultural teams (Bocquet et al., 2019), or moral values such as companies' devotion to corporate social responsibility (Lämsä et al., 2019). The next step is to gain access to this talent pool, and successfully attract the talent (Zikic, 2015). The access may be hindered for example by companies' limited resources to invest in necessary human resource practices (Krishnan & Scullion, 2017), or by their inability to recognize foreign credentials (Zikic, 2015). Companies may also face difficulties in attracting the talent if the employer brand is not well-known among the potentials employees (Festing et al., 2013). When a company has accessed the talent pool, and attracted and recruited a skilled migrant, the managerial practices of post-organizational entry phase come to use (Tharenou & Kulik, 2020).

A company may “focus on attracting diversity rather than including it” (Eskola, 2019, p. 51). Practices, that are targeted for post-organizational entry phase of skilled migrants may be neglected, since companies may the focus is on practices which enable diversification of staff but not on practices which enable inclusion of the diverse staff (Eskola, 2019). A similar

phenomenon is apparent in the management literature – most of the previous research on management of skilled migrants is focused on managerial practices of the recruitment phase (Tharenou & Kulik, 2020). However, to fully harness the benefits of internationally diverse employees, practices that promote integration and inclusion of the employees are required (Almeida et al., 2015; Tharenou & Kulik, 2020; Zikic, 2015). Such practices may be identity-conscious, i.e. they focus on the demographic uniqueness of an individual, or identity-blind, i.e. they ignore employee demographics (Tharenou & Kulik, 2020).

In addition to practices that promote inclusion and integration, building an inclusive climate demands inclusive leadership skills from the managers. The potential improvement in the team performance that is acquired by recruiting diverse workforce, requires more than practices that promote integration and inclusion (Randel et al., 2018). To involve diverse staff, inclusive leadership approach may be applied to create a climate of inclusion. Inclusive climate provides “all employees the opportunity to experience a sense of belongingness and uniqueness” (Boekhorst, 2015, p. 242). Yet, creating an inclusive climate demands leaders’ effort to learn new skills (Randel et al., 2018), why diversity training is recommended (Tharenou & Kulik, 2020). Next, I will detail the context of this research.

Management studies on diversity and inclusion is a large and growing body of literature but has two contextual deficiencies that focally influence this study. First, research in the context of SMEs is scarce. However, the SME context is inarguably noteworthy when examining labor market outcomes of skilled migrants (Krishnan & Scullion, 2017; Lähdesmäki & Suutari, 2020), because SMEs are a major employer (EK, 2019), and because SMEs may lack resources that are required for gaining new skills and for establishing practices to manage skilled migrants (Bocquet et al., 2019; Krishnan & Scullion, 2017). I will discuss the characteristics of SMEs’ management of skilled migrants within in the limits of existing literature.

Another contextual deficiency concerns language – majority of previous studies on managing skilled migrants are placed in Anglo-Saxon countries (Almeida et al., 2015; Tharenou & Kulik, 2020; Zikic, 2015), and hence fails to acknowledge challenges that companies in non-Anglo-Saxon countries face when managing skilled migrants. Migrants’ proficiency in host country’s language has been found to have a significant impact on labor market integration and qualification-matched employment by many scholars (Auer, 2018; Shirmohammadi et al., 2019). Also, I claim that the language policy of non-Anglo-Saxon

companies may impact their relationship with skilled migrants – if the company language is a domestic language, that is not English, recruiting a skilled migrant may not feel tempting because it may require alteration of language policy. It has been shown that switching the company language is a change that may cause sociolinguistic issues (Mortensen & Lønsmann, 2018). Therefore, since this study takes place in Finland, where the domestic language is Finnish and to a lesser extent Swedish, the role of language may be essential.

*Skilled migrant* population may not be defined as a coherent group of people since skilled migrants are a diverse population (Zikic, 2015). Here ‘migrants’ are defined as people who are foreign-born or foreign citizens in their country of residence (ILO, 2014). Iredale (2001) has defined that a skilled migrant should have a university degree, or extensive experience in a given field, as do several scholars (O’Connor & Crowley-Henry, 2020; Syed, 2008). Zikic (2015) notes that skilled migrants may represent most dimensions of diversity, which are age, gender, religion, disability, sexual orientation and national origins. Skilled migrants are a “forgotten minority” in management literature (Zikic, 2015), even though research on the topic is increasing (Crowley-Henry & Al Ariss, 2018).

My approach in this study is exploratory rather than confirmatory, as the empirical research on management and leadership of skilled migrants in the context of non-Anglo-Saxon SMEs is limited. An exploratory research design enables initial mapping of the field and an evolving approach for understanding a phenomenon that is inherently demanding to measure (Birks, 2016). The main theoretical angle of this study is the management of skilled migrants. Yet, an interdisciplinary dialogue is needed to cover the multiple phases that SMEs come across when managing skilled migrants. Therefore, this study links several streams of research (i.e., management of skilled migrants; diversity and inclusion studies in psychological and social psychological literature; human resource management in SMEs; and the effect of language proficiency in companies) to contribute to the interdisciplinary discussion on management of skilled migrants. Based on the literature, I propose a theoretical framework ‘Management and leadership of skilled migrants in SMEs. The framework does not try to detect causalities, but instead it is used for outlining the issues that companies face when they manage and lead skilled migrants.

This study explores several dimensions related to the relationship of the employers with skilled migrants. The context of the thesis is Finnish SMEs, and therefore particular attention is given to issues that SMEs located in a non-Anglo-Saxon country may face when seeking

to leverage the skills of the migrants. The current study explores management, in terms of recruitment, integration, and leadership of skilled migrants. Thus, the research question I seek to answer is:

*Which factors influence the management and leadership of skilled migrants in SMEs?*

To answer the research question, a quantitative multivariate analysis of the survey data produced by the *Talent Boost Index* will be performed. Based on the framework and findings a set of propositions is developed. These propositions provide the theoretical contribution of this study. In addition to academic contributions, this thesis is heavily focused on contributing practically. Therefore, I will next draw a more practically oriented research question which is closely linked to the suggested propositions.

The aim of the *Talent Boost Index* working group is to support Finnish SMEs in managing and leading foreign employees for the SMEs to harness the benefits of international talent. The *Talent Boost Index* is a survey tool that was developed to investigate the readiness of companies to recruit international workforce and their ability to employ the expertise of such workforce. Therefore, the second research question of this thesis is:

*What are the key challenges SMEs face when managing and leading foreign employees?*

The study is structured as follows. First, I will provide a literature review encompassing relevant research of the topic, and propose a robust framework based on the literature review. Then, I will detail the methodology, and present the findings of the study. In the discussion I will build up a series of propositions, based on the empirical findings of this thesis and previous research. In addition to this discussion, I will suggest practical implications for managerial use. Finally, I will conclude with limitations and proposals for future research.

## **2. Management and leadership of skilled migrants**

This chapter provides the literature review including overview of skilled migrants, and management, in terms of recruitment and integration, and leadership of skilled migrants. In the recruitment and integration sections I will concentrate on the organizational level practices, whereas in the leadership section I will aim my attention to the leadership of skilled migrants or manager-employee interactions. In addition, I will review linguistic

factors affecting labor market outcomes of skilled migrants, and skilled migrants in SMEs. The most essential branch of research is business and management literature on skilled migrants, but several other branches are examined as well, to gain comprehensive understanding of the relationship between SMEs and skilled migrants.

## **2.1. Skilled migrants**

As developed countries face a growing problem of skilled labor shortages, skilled migrants are seen as one resource solving this issue (O'Connor & Crowley-Henry, 2020). Skilled migrants rarely replace local employees, a concern often felt by host countries citizens, but instead may even contribute in developing new positions to host country (Tharenou & Kulik, 2020). Still, this group of professionals experience discrimination which embodies as difficulties being recruited, and skill-underutilization (Syed, 2008). It is unfavourable to the host country's economy if skilled migrants are not integrated properly to the job market since underutilisation of migrants' competencies leads to "brain waste" (Zikic, 2015).

Skilled migrants form a significant human capital contribution to host regions (OECD, 2011), and the flow of skilled migrants is typically from developing countries to developed countries where their skills are better rewarded due to greater demand (Syed, 2008). Indeed, developing countries are estimated to lose 10 to 30 percent of their skilled labor force due to migration (Syed, 2008). There is also a clear imbalance to which countries professionals migrate, since 70 percent migrated to four countries: the United States, the United Kingdom, Canada, and Australia, which are all Anglo-Saxon countries (Pekkala Kerr et al., 2016). According to Iredale (2001) the flows of skilled migrants are mostly not driven by host country policies but instead by industry and market requirements.

When examining the organizational literature on skilled migrants, I noticed a repeating phenomenon that was illustrative: if scholars used an existing organizational theory that was not developed to explain phenomena considering skilled migrants, certain aspects were added so that the theory would fit the context of skilled migrants better. These aspects included discrimination (Tharenou & Kulik, 2020; Winterheller & Hirt, 2017), and skill-underutilisation (Almeida et al., 2015; Almeida & Fernando, 2017; Zikic, 2015). To me, this demonstrates that as a group, skilled migrants may require specific attention in organizational setting. In addition to the term skilled migrant, I will use other terms

interchangeably when referring to the same group of people. The terms are used in the Talent Boost program materials and in previous literature: *foreign employee* (Talent Boost Index, 2020), *international talent* (TEM, 2020), and *international diversity* (Lauring, 2013). I will choose the term that most naturally fits the context at hand.

## **2.2. Recruitment of skilled migrants**

### **2.2.1. Human capital theory**

Labor market outcomes of migrants are often explained by *human capital theory* (Almeida et al., 2015; Crowley-Henry & Al Ariss, 2018; Lämsä et al., 2019; Syed, 2008) which focuses on the skills of the migrant. The theory presumes that an individual makes an investment to gain skills, and a company then acquires these skills by recruiting the individual and thus reaches successful business results (Lämsä et al., 2019; Schultz, 1961; Syed, 2008). Hence, according to human capital theory the malemployment or low employability of skilled migrants are explained by the individual's lack of skills, such as qualifications, work experience and language skills (Almeida et al., 2015; Syed, 2008). In essence, based on human capital theory, the key actors of skilled migrants labor market outcomes are the migrants themselves, and hence the theory ignores the role that the employers play in the migrants' employment.

However, scholars increasingly claim that by focusing solely on the individual's role, human capital theory is incapable of explaining skilled migrants' employment outcomes, since the theory disregards the issues that the migrants face from the employer's side (Almeida et al., 2015; Lämsä et al., 2019; Pearson et al., 2012; Syed, 2008; Zikic, 2015).

Almeida et al. (2015) criticize human capital theory for its inability to elucidate why the existing skills of migrants are not harnessed by the employer, which leads to skill-underutilization of migrants. They claim that the employer falsely perceives migrant's qualifications, work experience and language skills as deficient to local applicant. For instance, immigrants with host country education have higher employability rate than immigrants who have qualifications from their home countries (Qureshi et al., 2013). Even if the employer acknowledges foreign qualifications, the immigrant might find difficulties to become employed without host country job experience (Pio, 2005). In addition, deficient



skills in dominant language negatively affect employment outcomes of migrants (Almeida et al., 2015). Syed (2008) argues that by focusing merely on the skills of an individual migrant, the interaction between the social environment and the individual is disregarded. Lips (2013) claims that system-justifying beliefs such as the ‘just world belief’, denial of personal discrimination and perceived equity, are reinforced by human capital theory’s narrow approach as the theory rationalizes discriminative actions and inequitable systems.

Since human capital theory does not acknowledge the role of the employer nor the host country’s policies on immigrants’ employment outcomes, scholars have applied alternative theories to explain the phenomenon of skilled migrants labor outcomes (Almeida et al., 2015; Lämsä et al., 2019; Zikic, 2015). When considering the recruitment phase, these include social identity theory (Almeida et al., 2015), values framework (Lämsä et al., 2019), and resource-based view (Zikic, 2015).

### **2.2.2. Social identity theory and similarity attraction paradigm**

*Social identity theory*, from the field of social psychology, describes how an individual is related to social groups, and how members of a group identify themselves as ‘us’ (Brewer, 1991). To examine the skill-underutilization of professional migrants in IT industry Almeida et al. (2015) used *similarity attraction paradigm*, which is based on social identity theory. Similarity attraction paradigm leans on the remark that individuals are intrinsically attracted to people with similar qualities as they themselves possess (Almeida et al., 2015; Sets, Jan E.; Burke, 2010). The paradigm describes this phenomenon as people’s tendency to align others in groups based on their age, gender and ethnicity, and feel more secured when surrounded by similar people. Individuals also identify others who are not part of the group. This ingroup-outgroup positioning leads to ingroup favoritism and outgroup prejudice and is a widely recognized phenomenon in social sciences and diversity literature (Almeida et al., 2015; Sets, Jan E.; Burke, 2010; Terry, 2003). Prejudices arise when the ingroup is collectively identified and outgroup is depersonalized (Almeida et al., 2015). Ingroup-outgroup positioning is also used to collectively create self-esteem of the group members – ingroup is judged positively and outgroup negatively (Sets, Jan E.; Burke, 2010). This remark has been proved in the short listing phase of recruitment where applicants that are similar to the recruiter are judged more favorably than people from the outgroup (Ghumman et al., 2013).

In their quantitative study based on survey data Almeida et al. (2015) demonstrated that in the recruitment decision-making immigrants were positioned to the outgroup, resulting that immigrants with heavy accents, foreign attire, non-Anglo names and religion were less likely recruited. The phenomenon was demonstrated in Finland by Akhlaq Ahmad (2020), who reported that not only were Finnish candidates preferred over ethnic applicants but there was a clear ‘ethnic preference ladder’, as some ethnic groups were discriminated more than others. In addition to the characteristics of Almeida's et al. (2015) study, it is shown that the assumed gender roles of migrants who culturally differ from mainstream create distinctive challenges (Baudassé & Bazillier, 2014; Koyama, 2015) – for example, in her study of refugee women in the USA, Koyama (2015, p. 201) found that local employers have “assumptions about gender roles and identities with the refugees”.

Almeida et al. (2015) also examined what affected the decision-maker’s attitude towards immigrants and investigated seven characteristics of the recruitment decision makers: age, gender, exposure to diverse cultures, ethnic origin, seniority of decision maker, organizational size and diversity of clientele. There were three variables that had the strongest influence: the level of exposure to cultural diversity, the decision maker's origin and the diversity of clientele. If the decision-makers had local background and low exposure to diversity, it negatively affected their judgement of immigrant professionals. This was aligned with similarity attraction paradigm since as Ben-Ner et al. (2009) have proposed, people are not only attracted to individuals similar to them but also more likely to share, give and communicate with ingroup members. Almeida et al. (2015) noted that if the decision makers had contacts with members from outgroup, prejudice was decreased. However, paradoxically, people with prejudice avoid contact with outgroups and thus have less opportunities to grow tolerance. In addition, if the decision maker’s clientele was not diverse, it negatively affected the judgement of the outgroup since the outgroup was not considered as a good cultural fit.

In a parallel qualitative research Almeida and Fernando (2017) studied the accounting and IT industries and remarked that there were differences in how the two industries perceived applicants with foreign or culturally different characteristics. Although the decision makers of both industries preferred local candidates, IT industry was more tolerant towards foreign candidates. The accounting industry considered foreign accent and attire as a negative factor because of two reasons: their clientele and fit to the work community. For example, accents

were seen as a problem with client relationships – it was thought that accents could evoke mistrust in clients. Also, an Islamic head dress was considered unsuitable for the office dress code. Furthermore, the accounting employers had higher demands on language skills of the applicants than IT employers, to avoid misunderstandings with the clients.

I suggest that tolerance of IT industry is global, and the potential reason for this is the industry's evolution. For example, the language of IT software has always been universal, it is either English or the language of code. Also, most of the software solutions have been global from the beginning since they are easily distributed across the world. Indeed, Nummela et al., (2004) refer to ICT sector as having a global nature. This notion is partially supported by Tanev (2012, p. 6) who remarks that born global firms often “leverage ICT to segment customers into narrow global-market niches and skillfully serve highly specialized buyer needs”.

### **2.2.3. Values framework**

An intriguing viewpoint to examine organizational decision-making on who to recruit, is decision makers' values. In essence, the values guiding decision making can be robustly divided in to two groups – moral and economic values. Previous research on immigrant recruitment focuses on economic values and thus takes the business case approach. In addition, this research stream is often distinguished from the research examining moral values. However, Lämsä et al. (2019) remarks that when companies recruit migrants, not only economic values affect the decision-making but moral values as well. They also argue that separating economic and moral values is too simplistic and should be examined simultaneously. (Lämsä et al., 2019)

Theories which assume that decision-making is guided primarily by economic values include human capital theory, resource dependence theory and the concept of diversity management, and therefore these theories may be insufficient to explain the behavior of the employer (Lämsä et al., 2019). First, according to human capital theory a firm makes an investment to human capital to improve its business results, and thus expects that the company is motivated by its economic values when recruiting. The theory is based on the assumption that all potential employees are treated in an equal manner and recruited depending on their skills (Almeida et al., 2015). Second, resource dependence theory explains that the recruitment decision-making is driven by the firm's aim to acquire critical resources. Thus, the reason to

recruit immigrant employees would be that their skills are seen as a valuable resource. Subsequently, this theory also assumes that a firm is motivated by its economic values. However, resource dependence theory upraises the importance of social acceptance – to be successful in its environment a firm's role should be legitimized by its actions. As such, the social environment of the firm has an impact to the firm's values (Lämsä et al., 2019). In addition, organizations are affected and influenced externally by the national forces, such as socio-political policies and anti-discrimination and human rights laws (Syed & Murray, 2009). The third theory that Lämsä et al. (2019) describe is diversity management, which builds on the assumption that diverse characteristics and competencies of diverse workforce will lead to business success, and consequently, diversity management is inspired by economic values. Yet, diversity management may also be motivated by attempts to pursuit justice and fair treatment of employees and be guided by moral values rather than economic values.

Lämsä et al. (2019) investigated the values that guided recruitment of immigrant employees by conducting a qualitative study of two companies in rural Finland. Both companies were pioneers in their social environment in recruiting migrant employees. They examined values in practice instead of official company values since organization's behavior is greatly affected by the practiced values. The data collected from both firms included the owner-managers' interviews and documentary data, such as website and recruitment information. The set of values were analyzed in terms of Schwartz's (1992) *values framework*. The framework divides set of values in four categories: openness to change, self-enhancement, conservation and self-transcendence. Lämsä et al. (2019) found that both economic and moral values were guiding the decision makers of both companies when recruiting immigrants. I find this discovery essential, since I claim that neither of the value sets (economic or moral values) alone, leads to success in efforts to overcome discrimination or to improved business performance. I base my argument on the concept by Romani et al. (2019) of benevolent discrimination and the benefits of gender quotas.

Benevolent discrimination stands for decision makers' well-intended diversity practices and acts that "contribute to the reproduction of inequalities" (Romani et al., 2019, p. 371). For example, in the case company of Romani et al. (2019), the human resources (HR) professionals had a profound will to help long-term unemployed immigrants by offering them a job, which lead to a setting, where the immigrant was seen as a victim and the HR

professionals as the saviours. Not only does victimizing enforce discrimination but it also leads to skill-underutilisation and prohibits being promoted, since a victim is not seen as a manager, whereas a saviour is. This argument is strengthened by the claim that humanitarianism, sympathy, care and tolerance promote cultural stereotypes, and as a consequence enforce ingroup-outgroup positioning and even racism (Gammeltoft-Hansen & Tan, 2017; Hanson-Easey & Augoustinos, 2011). Hence, I argue that if recruiting migrants is mainly guided by moral values, the decision makers must beware that the migrants receive positions which match their skills and once the recruitment has been made, the migrant is encouraged to advance in the firm.

However, I suggest that if the recruitment of immigrants is only guided by economic values, the company might not recruit diverse people to begin with and due to that, paradoxically lose profits in the long-term instead of gaining them. The foundation of this argument lies on the benefits of gender quotas. In 2006 Norway made gender quotas in corporate board seats mandatory, and the act was justified with the law of equity, and thus guided by moral values (Matsa & Miller, 2016). Before this, the quotas were voluntary which did not lead to increase of women in board seats. Matsa & Miller (2016) found that even though gender quotas weakened the firms' profitability in the short-term, the quotas increased the profitability in the long-term. Therefore, I propose that without the presence of moral values, whether they are established internally in the company or externally as a law, discrimination issues will continue. Discrimination may jeopardize not only the individual who is discriminated but also the performance of the company.

Lämsä et al. (2019) also strengthened the claim that the environment where the organization operates has a considerable influence on the organization's take on immigrant recruitment. This was shown in the study by interviewees' profound awareness of how their local community perceived immigrant recruitments. In Lämsä's et al. (2019) study however, this influence was mainly positive. The positive influence occurred even though the other case company operated in a social environment which had negative attitudes towards immigrants. Instead of aligning with the public opinion, the case company separated from it due to strong will to act according to corporate social responsibility, and hence, was guided by the moral values of the decision maker. The study also revealed that especially in rural areas, the employer may have a significant positive effect on the attitudes of the local community towards employing immigrants. Also Lundborg and Skedinger (2016) and

Szkudlarek (2009) observed that employers who had successfully recruited a refugee, were likely to recommend other firms to hire a refugee. Such employers also tended to recruit a refugee again. However, a risk of a legitimization crisis exists if the employer chooses to recruit an immigrant instead of a local applicant. I believe that this theme should not be neglected since we may already see the consequences of some majority groups feeling excluded, who may in the worst case become radicalised. I will briefly return to this theme in the section “The importance of leadership skills of managers” (2.3.4.).

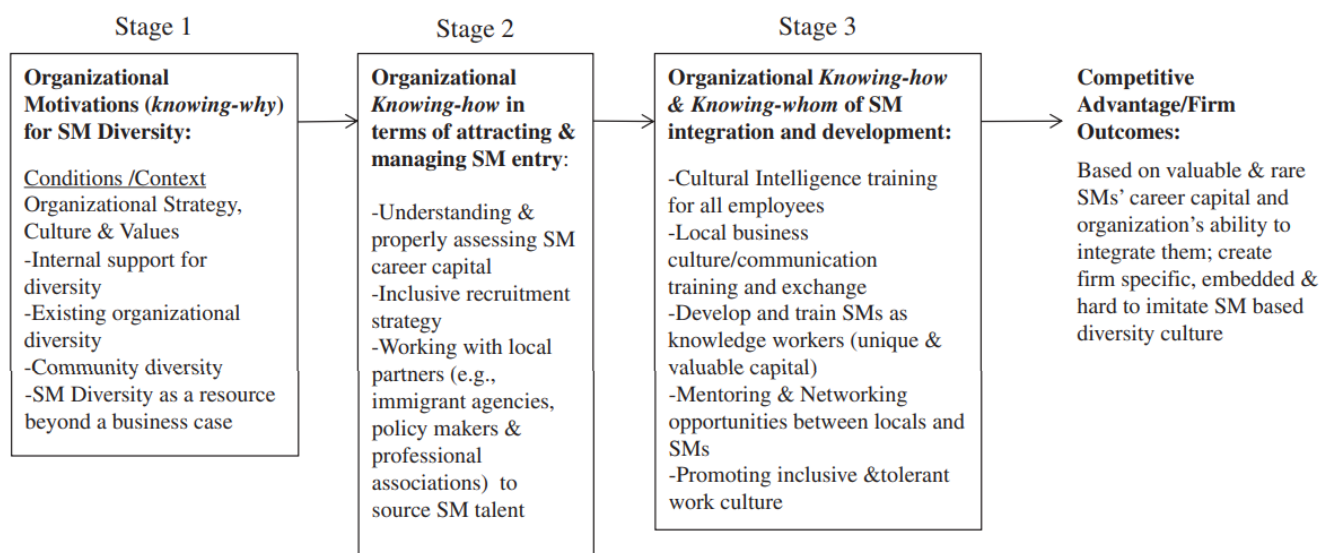
A viewpoint to economic versus moral values guiding decisions making is also presented by Mayer, Ong, Sonenshein, and Ashford (2019) who examined employees’ selling tactics of social issues to their superiors, and whether moral language is effective. Economic framing of social issues, or in other words, presenting the issue as a business case is a typical selling tactic, since addressing the benefits to a firm’s financial performance reduces legitimacy questions (Dutton et al., 1997). Yet, Mayer et al. (2019) discovered that more effective selling strategy than economic framing was using moral language. The effect of this tactic was based on *anticipated guilt* that the leaders felt if they did “not adhere to the employee’s request” (Mayer et al., 2019, p. 1061). This effect was manifested only if the selling employee tied the request into the values of the company. From my perspective, this study is a great example of a situation where an authentic approach pays off – the study shows that the bare truth is more poignant, than camouflaging the social issue into a better outfit. Thus, I suggest that underestimating the power of emotions should be avoided.

#### **2.2.4. Resource-based view and intelligent career theory**

Zikic (2015) combines *resource-based view* and *intelligent career theory* to companies’ willingness to recruit skilled migrants. Resource-based view also considers human capital as a resource that may improve firm’s performance, and hence it resembles human capital theory. In resource-based view, the resources should be valuable and rare so that the firm would gain competitive advantage. Thus, diversity of personnel acts as a prospective asset to obtain inimitable knowledge that leads to better performance. According to Zikic (2015), in addition to common dimensions of diversity, such as ethnicity, gender, age, sexual orientation and disability, skilled migrants may also possess other dimensions of diversity relevant to strategic human resource management. According to *intelligent career theory* these are motivational capital (knowing-why), human capital (knowing-how), and social capital (knowing-whom), which together form the career capital of skilled migrants. From

the perspective of host country employers, skilled migrants' career capital may provide resources that may "become a potential source of unique competitive advantage" (Zikic, 2015, p. 1367).

To better explain the strategic value of skilled migrants for companies and how to attain it, Zikic (2015) combines resource-based view to intelligent career theory by relocating the three capitals (motivational, human and social) into organizational context where they become: (1) need and motivations to recruit skilled migrants (knowing-why), (2) attracting skilled migrants (knowing-how), and (3) integrating skilled migrants (knowing-who). As a result, a framework of 'SMs–employer relationship' is created (Figure 1). I will next detail the concepts of knowing-why and knowing-how, and will briefly return to the concept knowing-whom in chapter 2.3.2.



**Figure 1.** Zikic's (2015) framework of skilled migrants – employer relationship: strategic management of skilled migrants' career capital, which combines resource-based view and intelligent career theory from the perspective of the employer.

The motivational competence (knowing-why) for skilled migrants that the firm may possess includes cultural values of the firm, managerial support, and internal and external diversity of the company (Zikic, 2015). Internal diversity refers to existing organizational diversity and external diversity to diversity of clients and the social environment of the company (Zikic, 2015). In addition, Zikic (2015) emphasizes that the employers may use skilled migrants' career capital as a source of competitive advantage, if they understand the uniqueness of such employees and how they may foster creativity and innovation, and if

such knowing-why is rooted in the cultural values of the firm. This observation is reinforced by the study of Bocquet et al. (2019) who examined the relationship of workforce diversity in terms of strategic corporate social responsibility (CSR) and technological innovation. They remarked that technological innovation was indeed triggered by international diversity, and noted that “building support for a diversity initiative requires a clearly defined strategy based on organizational values, reflecting the social aspects of CSR ” (Bocquet et al., 2019, p. 10). Also, this is yet another good example that both economic and moral values should guide the recruitments for diversity as it occurs in strategic CSR. This is because strategic CSR not only responds to moral guidelines, as standard CSR does, but also the overall strategy of a firm which seeks economic opportunities (Bocquet et al., 2019).

Organizational knowing-how refers to organizations’ capabilities to attract and acquire skilled migrants, and the “organizations may need to learn the new ‘know-how’ in order to understand and create specific processes for attracting and incorporating this type of workforce” (Zikic, 2015, p. 1370). The know-how may actualize as varying activities. These activities may include recognizing skilled migrants’ credentials, understanding the importance of wide talent pool when seeking skilled migrants, and acknowledging the value of partnerships with actors such as local immigrant community agencies and professional associations.

Zikic (2015) notes that as the employer seeks to find candidates who are similar to existing employee base, the migrants are either malemployed or not employed, and thus such discrimination leads to productivity losses. Unintentional discrimination also occurs if the employer is incompetent in comparing foreign qualifications or experience with local ones, and hence, the skills of migrants are not recognized. Albert et al. (2013) note that the credentials of internationally trained professionals are poorly understood because an established procedure for credentials assessment is lacking. Such a challenge even occurs among repatriates who return to their country of origin: a study of returning Australian expats showed that 31% of recruiters prioritize applicants with local work experience (Indeed Report, 2019). Also, skilled migrants who have been educated in the new host country face difficulties in host country labor market (Hawthorne, 2005, 2008). Liu-Farrer and Shire (2020) investigated the employment of foreign graduates in Japan and Germany that were locally educated, and found that host country labor market has institutionally and culturally specific skill expectations, which either prohibits the entry of foreign graduates



into the local job market, or the skills of the graduates are under-valued. The employers also expected the foreign graduates to have the same skill set or act exactly as local employees do. Therefore, I depict that employers tend to choose from a particularly narrow pool when recruiting new employees. Yet, Winterheller and Hirt (2017) found that a degree from the host country may facilitate career progress by adding career capital that is validated in the location. Even though companies often fail to attract skilled migrants due to discrimination, the opposite phenomenon also exists: companies that make “diversity-inclusive commitment” (e.g. in terms of proactively attracting, selecting, developing, and retaining skilled migrants), may realize better long-term organizational outcomes, such as gaining a better employer brand internationally” (Crowley-Henry et al., 2018, p. 2071). Two additional strategies to discover and attract skilled migrants are building networks with local agencies (Zikic, 2015), and “leveraging internet technologies” (Krishnan & Scullion, 2017, p. 434).

To summarize this chapter, skilled migrants encounter more discrimination in the recruitment process than local employees, and are thus often either not recruited or malemployed, which leads to brain waste and productivity losses (Almeida et al., 2015; Zikic, 2015). Such discrimination is suggested to result from employers’ desire to seek people similar to their existing employees, not understanding the competitive advantage that skilled migrants’ career capital entails, and incapability to assess and compare skilled migrants’ qualifications and work experience (Albert et al., 2013; Almeida et al., 2015; Zikic, 2015). Among the theories presented here, the most relevant to my research topic is Zikic's (2015) framework (Figure 1) as it recognises the potential of skilled migrants and the competitive advantage the skilled migrants may bring to a company, but also acknowledges discriminatory issues that they may face from the employer’s side.

### **2.3. Integration of skilled migrants**

In this section I will introduce how the management of skilled migrants in post-organizational entry phase is presented in previous literature. As remarked by Tharenou and Kulik (2020) the managerial studies of skilled migrants rarely go beyond recruitment (pre-organizational entry phase). The phenomenon of focusing on recruiting diversity rather than inclusively managing the diverse workforce has been shown in practice as well – Eskola

(2019, p. 52) found that “managing diversity and inclusion were mostly linked to recruitment and only a few of the managers talked about the importance of other managerial practices”. This occurs even though according to previous research inclusion is more difficult to attain than diversity (Martins, 2020). It is central to elucidate the concepts of inclusion and diversity both in theory and in practice as “inclusion refers to employee involvement and the integration of diversity into organizational systems and processes, whereas diversity refers to the variability in the composition of a work group” (Roberson, 2006, in Boekhorst, 2015, p. 242). Incorporating the post-organizational entry phase in the discourse of management of skilled migrants is beneficial, because even if skilled migrants are recruited to an organization, their skills are often under-utilised (Almeida et al., 2015; Zikic, 2015). It is rewarding to manage the migrants successfully in order to benefit from the skills they possess and to retain them in the organization. I begin the chapter by detailing the concept of talent management (TM) and how it is applied to skilled migrants. Then, I will focus on integration of skilled migrants by introducing the organizational socialization model.

### **2.3.1. Talent management**

The objective of talent management is for the business to achieve sustained competitive advantage (Al Ariss et al., 2014). Hence, talent management is performance-driven. Vaiman et al. (2012) incorporate the practices of attraction, selection, development, and career and succession management to talent management practices, which are all connected to human resources.

A recent stream of literature advances that simply acquiring the talent will not lead to success but it is as important to have capabilities to harness the talent’s human capital to gain potential benefits (Bowman & Hird, 2013; Collings et al., 2019). This notion strengthens Zikic' (2015) and Almeida et al.'s (2015) remarks that under-utilisation of the recruited migrants’ skills will lead to productivity losses. According to Collings et al. (2019), to succeed in identifying the suitable talent, the firm must first identify the pivotal positions which should be occupied by the talent in order to match the position with a high-performing employee.

#### *Talent management and skilled migrants*

There are varying definitions for what is considered ‘talent’ depending on the stream of literature (Dries, 2013). In human resource management talent is seen as a resource, as in

human capital theory – an investment to resource that will lead to business success, and as ‘the human capital in an organization that is both valuable and unique’ (De Vos & Dries, 2013). To respond to the need of finding the suitable talent in globalized markets and the call for internationalization of businesses, the concept of global talent management has arisen (Al Ariss et al., 2014). Paradoxically, skilled migrants are not considered to be part of the global talent pool by the employers, since their human capital is under-recognised (Crowley-Henry & Al Ariss, 2018). Even when the skills and qualifications are recognized, skilled migrants’ human capital is possibly seen as “to have a slower return on investment than locals” (Crowley-Henry & Al Ariss, 2018, p. 2062), because recruiting a skilled migrant is viewed as an additional investment compared to a local and thus more familiar candidate (Crowley-Henry et al., 2018). The investments consider host country human, cultural and social capital – skilled migrants may lack language fluency, have difficulties in integrating into the host country (Hakak & Al Ariss, 2013), or assumingly do not possess such local networks as the local candidates do (Crowley-Henry & Al Ariss, 2018).

Therefore, the human capital of skilled migrants might lead to inferior outcomes than recruiting a local would in the short-term (Fossland, 2013). In contrast, scholars claim that in the long-term, skilled migrants’ cross-cultural flexibility will potentially appear to be a particularly valuable resource (Cao et al., 2013; Cerdin et al., 2014; Liu-Farrer, 2011), for example in acquiring new foreign markets (Crowley-Henry & Al Ariss, 2018). Hence, Crowley-Henry and Al Ariss (2018) claim, that talent management should be considered strategically to gain long-term benefits, and implement attraction, identification, selection, recruitment, development, and retention of skilled migrants. Indeed, skilled migrants’ cultural capital gained in their home countries has been shown to add value for companies by providing language skills, and insights of culture and markets (Winterheller & Hirt, 2017).

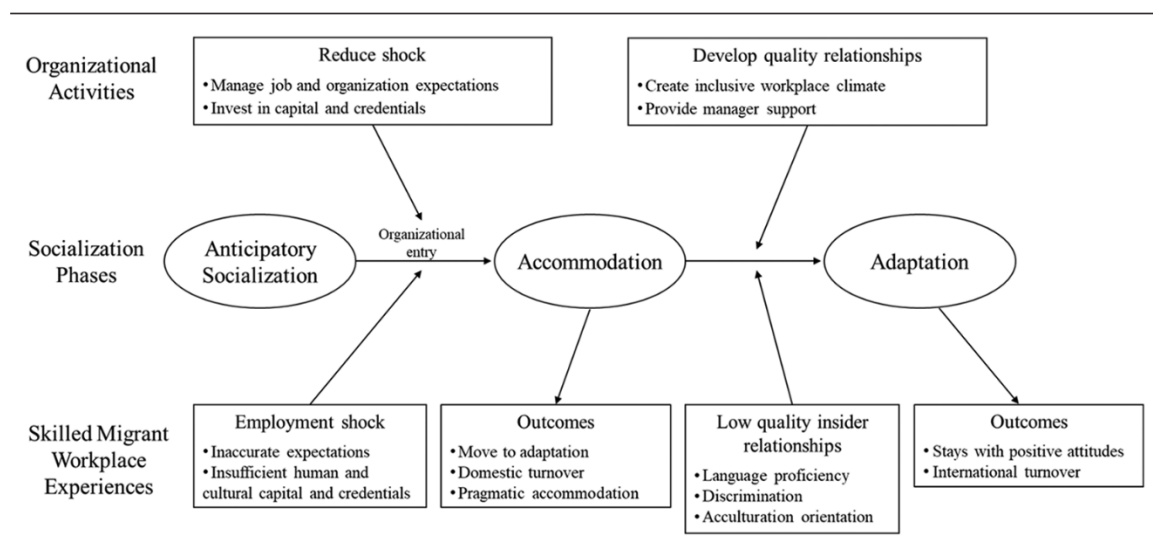
Crowley-Henry and Al Ariss (2018) also note that when viewing literature on talent management it seems that organizations have an exclusive take on what is considered as talented employees (Collings et al., 2019; Mäkelä et al., 2010), and skilled migrants are excluded from this group, even though academics advocate for the importance of international experience (Liu-Farrer, 2011; Rueyling Tzeng, 1995; Stroh, 1999). As a result, Crowley-Henry and Al Ariss (2018) challenge the typical human capital perspective of talent management, which presents talent management as processes of acquiring and managing

human capital to benefit from it maximally, and which, by exclusive manner, divides employees to elite and non-elite employees. In contrast, they advocate for an inclusive approach where all employees are treated as possessing talent which should be developed (Crowley-Henry & Al Ariss, 2018).

### 2.3.2. Organizational socialization framework

Since previous management literature on skilled migrants typically focuses on pre-organizational entry phase (recruitment), it neglects the whole lifespan of the migrants' careers (Tharenou & Kulik, 2020). However, post-organizational entry phase is as important when understanding the labor market outcomes of skilled migrants (Tharenou & Kulik, 2020). Indeed, the workplace experiences of skilled migrants are often negative as the migrants may acquire unequal opportunities (Bobek & Devitt, 2017).

Tharenou and Kulik (2020) investigate the post-organizational entry of skilled migrants and give recommendations on how the workplace experience of skilled migrants could be enhanced. They develop further an *organizational socialization framework*, which is well-established in management literature (Tharenou & Kulik, 2020), by implementing in the context of skilled migrants work experiences and pinpoint the organizational activities which may influence the migrants' experiences (see Figure 2). Tharenou and Kulik (2020) build on the organizational socialization process that consists of three phases: (1) anticipatory socialization, (2) accommodation, and (3) adaptation.



**Figure 2.** The skilled migrant socialization process by Tharenou and Kulik (2020).

During anticipatory socialization, which takes places before the work begins, the new recruits form expectations and get ready to join the new workplace. The accommodation phase is the most paramount phase as the recruits “make sense of, and adjust to, the job and organization” (Tharenou & Kulik, 2020, p. 4). Finally, the adaptation phase is for refining learnings and organizational norms. During the whole process, outsiders become insiders. In their model Tharenou and Kulik (2020) clarify the distinctive needs of skilled migrants that should be considered by the employer.

To me, three issues stood out from the study of Tharenou and Kulik (2020). First, as skilled migrants are often underemployed, they tend to switch organizations to build human capital and to eventually reach a position appropriate to their skills. Consequently, the employers will lose the employees. To avoid this and retain the employees, Tharenou and Kulik (2020, p. 14) suggest that the employer should invest in the capital and credentials of the skilled migrants, to “build host-country human, social, and cultural capital through training or retraining”. In practice, this entails an array of activities. To build host country human and cultural capital practices like language and culture courses may be offered. For gaining social capital, the employer may organize opportunities to establish networks. The investment may also include other progressing application process of permanent citizenship and finding accommodation.

In her ‘SMs–employer relationship’ framework Zikic (2015) likewise recognizes the role of relationships (knowing-whom) as an essential part of integration. She remarks that work relationships may aid the adjustment of skilled migrants to the host culture which again may lead to “higher task relationship quality with co-workers and better mentoring relationships” (Zikic, 2015, p. 1374). She also notes that simultaneously as organizations create conditions for adjustment, they may also create a climate that values the identities of skilled migrants, generating dual cultural awareness. To me, this ethos of both alleviating adjustment and valuing specific attributes of skilled migrants is apparent also in the second issue that I picked up from Tharenou and Kulik's (2020) study as they claim that when creating an inclusive climate to workplace, both identity-blind and identity-conscious human resource management practices should be offered to skilled migrants. Identity-blind practices refer to practices that consciously ignore the demographics of the employee, and therefore, the merits of the employee, such as technical skills are embraced. Identity-conscious practices acknowledge the demographics and the distinctive needs of the skilled migrant, for example

language courses and are often remedial. Though such remedial practices might be needed, Tharenou and Kulik (2020) suggest that identity-conscious practices that celebrate the uniqueness and the cultural value of the skilled migrants, should also be applied. Third, and finally, Tharenou and Kulik (2020) propose that as managers have a crucial role in the socialization process of skilled migrants, support and training may be provided to them on how to create an inclusive climate. I will scrutinize the role of the leadership skills of managers next.

## **2.4. Leadership of skilled migrants**

In this section I will explain why leadership skills are essential, and why managers should not be left alone acquiring these new skills. Boekhorst (2015) notes, that as workplaces have become more diverse, it has been underscored that consequently leaders must gain new skills to promote inclusion. Inclusive climate at the workplace could be the route for harnessing the benefits of a diverse workforce, to guarantee that diverse individuals' "abilities are fully utilized or that their voices and perspectives are fully heard and incorporated in organizational decisions in an advantageous manner" (Randel et al., 2018, p. 190). In this section, I will not go into detail on what are the best practices of inclusive leadership, since my aim here is to highlight the significance of the manager-employee interactions. I will begin by detailing out two diversity models, color blindness and multiculturalism. Then, I will discuss the optimal distinctiveness theory and the concept of 'climate for inclusion', and finally briefly describe the diversity training as a practice.

### **2.4.1. Color blindness and multiculturalism**

Acknowledging discrimination at work is not self-evident. It is corroborated by a considerable amount of research that people do not like to identify themselves as enforcers or victims of injustice (Kelan, 2009; Lips, 2013). Plaut et al. (2018) investigated the literature of psychological studies to assess how two models of diversity, *color blindness* and *multiculturalism*, affect discrimination. The color-blind model refers to an ideology where ethnicity should be ignored and people's identities should be unified to an overarching category (Plaut et al., 2011). On the contrary, the multicultural model emphasizes and values the varying identities of groups. Hence, color blindness aims at diminishing group categories and multiculturalism aims at highlighting them. It was discovered that color blindness model

was notably more detrimental to equality than multiculturalism model. Yet, the latter model also had constraints. I will next describe the models and their effects more precisely.

Color blindness has ego-protective features for white people, as adopting color blindness may give them egalitarian self-image (Plaut et al., 2018). Nevertheless, color blindness may also be used to justify the current state of affairs, and therefore decreases sensitivity to racism as well as fosters non-admission of the unique realities of minorities (Neville et al., 2000). I believe that it is crucial for people in superior positions to acknowledge the varying realities that individuals live in, to be able to show an essential social skill, empathy. Indeed, when studying how color blindness affects therapists' level of empathy towards clients of varying ethnicity, Burkard and Knox (2004) found that "therapists who scored high on color blindness reported having significantly less empathy than did those who scored in the low range for color-blind racial attitudes" (Burkard & Knox, 2004, p. 394). Kelan (2009) investigated gender-based discrimination in ICT sector organizations that are presented as gender-neutral. Though discriminative occurrences were acknowledged, they were not acknowledged to be presently active. Instead, two strategies were used to navigate through the dilemma by females, who were the subjects of the discrimination: the discrimination happened in the past, or the discrimination was not seen as structural but instead it was individualized, indeed, by the target of the discrimination. I argue that this notion also relates to color blindness and human capital theory – the minority group members who experience constraints in their career development may falsely accuse themselves as lacking human capital in supposedly equal environment, when the cause is in structural discrimination.

Multiculturalism had more positive outcomes considering discrimination than color blindness. For example, people who advocate multiculturalism are less prejudiced (Ryan et al., 2007), and multiculturalism of leaders predicted positive feelings of acceptance, since it fostered engagement of minorities (Meeussen et al., 2014). However, multiculturalism may also cause problems – people tend to prefer stereotypical presentation of a minority group member which may lead to narrowed identity expression of the member. Another issue may also rise, as people of white ethnicity may feel excluded if the organization declares multicultural diversity message and perceive it as more intimidating than a color-blind message (Plaut et al., 2011). This may be avoided by advocating for all-inclusive multiculturalism, where also majority group members are valued (Meeussen et al., 2014).

### 2.4.2. Optimal distinctiveness theory

One of the leading scholars in the field of social psychology, Marilynn Brewer (1991), constructed the *optimal distinctiveness theory*, an extension of social identity theory, just as similarity attraction paradigm which was described above (see 2.2.2.). The theory has since been used in organizational literature investigating inclusion. Optimal distinctiveness theory explains how social identity is “a compromise between assimilation and differentiation from others” (Brewer, 1991, p.477). Individuals’ needs for belongingness and uniqueness are context specific, therefore the social identity (to assimilate or to differentiate) may vary in specific situations (Shore et al., 2011). For example, if an individual feels rejected in a group, she/he may seek for belongingness rather than distinctiveness. Shore et al. (2011) remark that minorities may have fewer opportunities to be part of valued groups in organizations than the majority group members, such as white men do. However, they also point out that, as shown by optimal distinctiveness theory, uniqueness in a group is valued simultaneously with belongingness. Shore et al. (2011) wrote an article, which was motivated by the possible opportunities of inclusion, without solely underlining the obstacles. Hence, they emphasized that not only belongingness but also uniqueness is an essential attribute of inclusion – all employees may be valued for their uniqueness. The mindset that diversity offers opportunities is also present in studies on *climate for inclusion*, which is an essential construct when scrutinizing leadership of inclusion (Boekhorst, 2015; Shore et al., 2011).

### 2.4.3. Climate for inclusion

The climate for inclusion refers to an organizational culture which provides “all employees the opportunity to experience a sense of belongingness and uniqueness” (Boekhorst, 2015, p. 242). When seeking for a method to institutionalize climate for inclusion, Boekhorst (2015) discovered that authentic leaders are in key roles when creating such a climate. By authentic leaders, Boekhorst (2015) means leaders who act based on their belief systems and strong values, and can influence their followers’ behavior, and hence, may become role models for inclusion. Also Randel et al. (2018) base their framework on the optimal distinctiveness theory, suggesting that there are five categories of leader behaviors that generate feelings of belongingness and uniqueness in group members. First three of these categories facilitate belongingness: (1) *supporting group members* by creating a sense of community, (2) *ensuring justice and equity* by demonstrating a fair treatment, and (3) *sharing decision-making* by emphasizing the sharing of power. The last two categories again



facilitate uniqueness: (4) *encouraging diverse contributions* by requesting different points of view, and (5) *helping group members fully contribute* by securing that all voices of the group are heard. Randel et al. (2018) note that attention should be paid to the reality, that typically leaders are trained to advance and align with collective goals, while in inclusive leadership uniqueness should also be valued when encouraging diverse contributions. Boekhorst (2015) calls for guidance targeted for managers to aid them internalize the authentic leadership style. Hence, both Boekhorst (2015) and Randel *et al.* (2018) note that leaders need an extra effort to execute inclusive leadership. To me, such findings act as an evident indication that leading an inclusive workplace is not often inherent, and therefore it cannot be expected that leaders obtain such skills without effort. Next, I will briefly discuss the attempts to implement inclusive leadership and a diversity conscious mindset into organizational culture and management.

#### **2.4.4. What is successful diversity training?**

There is clear evidence that mandatory diversity training is not a successful way to foster inclusion or even avoid discrimination. For example, when studying the best practices of diversity training Kalev et al. (2006) remarked that training which aimed to moderate managerial bias was least affective and was associated with a decline in the amount of minority representatives in management positions. Bezrukova et al. (2016) noted that diversity training is not effective in changing attitudes since they are particularly persistent per se. They also found that if changes in attitudes occurred the shifts were not sustainable but often faded when time passed. However, diversity training also had positive outcomes – the cognitive learning from training remained or even increased also in long-term (Bezrukova et al., 2016). The disagreement among scholars whether the diversity programs should be voluntary or not is tangible. While Dobbin and Kalev (2016) argue that the programs should definitely be voluntary because mandatory participation may even increase bias against minorities, Bezrukova et al. (2016) point out that voluntary training only attracts individuals who are already pro-diversity and hence the effects of the training may not be profound. Bezrukova et al. (2016) also found that mandatory learning was more successful in producing behavioral learning. I find it intuitive that the training should be mandatory because inclusion touches the whole organization. I can also comprehend why voluntarism might be safer when promoting antidiscrimination practices. One suggestion that comes to my mind could be a combination of mandatory and voluntary: a short and intriguing

mandatory introduction to the topic followed by voluntary training that is more comprehensive. Another suggestion would be that the training would be embedded into organizational values. Organization's core values should "be integrated into every employee-related process" (Lencioni, 2002, p. 8), such as in orientation courses and team building activities. Such integration of diversity training into other initiatives was shown to be successful as it may signal commitment of management (Bezrukova et al., 2016). Another strategy to transcend confrontational attitudes of the majority group members is to implement *all-inclusive multiculturalism* (AIM) model, where the typical opponents are also included (Stevens et al., 2008). The model recognizes the minorities and their specific needs but also acknowledges majority group members and their importance in the organizational diversity. Consequently, even though minorities are being valued, the majority group does not feel excluded.

## **2.5. Language and labor market integration**

The proficiency in host country's language has been found to have a significant impact on labor market integration and qualification-matched employment by many scholars (Auer, 2018; Shirmohammadi et al., 2019). Indeed, Piekkari et al. (2005, p.341) discovered that "language skills constitute an important element of performance appraisal", and "employees who operate in a foreign language are placed in disadvantageous positions". Nonetheless, the role of language on career development is under-explored (Syed & Murray, 2009). This was evident when I sourced for literature to understand *why* host country language proficiency has such a crucial effect on the career success of a migrant. I conjectured, whether the similarity attraction paradigm has a role in the phenomenon, or is there a more rationalized reasoning behind it, such as customers' requirements of specific language proficiency. Scholars suggest that the significance of host country language proficiency for an employer may be due to business performance related motivations, but in many cases, discriminatory actions explain the phenomenon more profoundly (Winterheller & Hirt, 2017). In this section I will first describe the influence of employees' host country language proficiency on their labor market outcomes, and then view the language question by referring to the literature from the perspective of a common company language.

### **2.4.1. Host country language proficiency**

Is it legitimized for an employer to require the prospective employee to speak the language of the broader society? Host country language proficiency may be included as part of human capital, as Chiswick (2009) points out that “language skills satisfy the three requirements for human capital, that it is productive, costly to produce, and embodied in the person” (Chiswick, 2009, p.4). The foreign job seeker may benefit from the dominant language ability simply because open positions are more likely to be found in native language (Berman et al., 2003). Clark and Drinkwater (2008) claim that as modern economies are service and knowledge based, host country language proficiency is an essential country-specific skill. This notion becomes more relevant, if an occupation includes direct interaction with customers (Syed & Murray, 2009). However, Finnish people saw the use English language as a vital resource in globalizing and multicultural world in a national survey by Leppänen et al. (2011). The survey also revealed that over 60 % of the respondents viewed the use of English as the communication language of companies as a positive phenomenon.

Language proficiency and characteristics of speech may also act as a regime of unintended discrimination. Kalonaityte (2010) observed that to an individual, inferior language skills may signify inferiority also in cultural skills and intellectuality. In addition, when local individuals consider the host country as culturally supreme, the cultural authenticity of ethnic people, who are aspiring to integrate into host country, is questioned if their language skills are poorer than of native speaker (Kalonaityte, 2010). Jacobs and Tillie (2004) argue that the amount of social and cultural capital gained in the host country influence the integration process, and furthermore, extensive proficiency in host country’s dominant language may demonstrate cultural capital (Winterheller & Hirt, 2017). I argue that extensive skills of the dominant language may also indicate the individuals’ integration level. Therefore, the skills affect their career progression. Also, sharing a common language fosters mutual identification and is an important aspect of socio-cultural integration (Statham & Tillie, 2016).

Host country language proficiency may also affect the social relationships of the employee. When studying host country language deficits of migrant women from non-English speaking backgrounds who had settled in Australia, Syed and Murray (2009) found that deficiency in the dominant-language ability may hinder networking and as a consequence limit opportunities for career progression (Syed & Murray, 2009). I believe that if the inability to

communicate in the dominant language hinders career progression it also hinders job well-being if it affects low-threshold social interaction. In fact, Bobek and Devitt (2017) reported that at-work relationships suffered due to lack of dominant language proficiency. They also noted that differences in communication culture, for example using phrases of politeness, constrained the integration of skilled migrants.

It should be taken into consideration that in addition to the effects language has on the employability of an applicant, language requirements also affect the attractiveness of Finnish labor market. Kuusio et al. (2014) found that not only Finland's remote location but also language difficulties, such as insufficient support with language studies, hinder Finland's effort to attract physicians. Yet, when studying expatriates in Finland and Norway, Selmer and Lauring (2015) discovered that learning a particularly difficult local language (i.e., Finnish) has a stronger positive correlation with socio-cultural adjustment compared to learning a less difficult local language (Norwegian). The discovery resonates well with my notions as I believe Finns genuinely appreciate efforts of foreign born people learning Finnish. Additionally, expatriates may experience important social rewards when learning local language that encourage them to study further the language (Gatbonton et al., 2005).

Language training seems to affect the labor market outcome of individuals depending on their characteristics, for example education level. In France, when studying the impact of language training on migrants, it was noted that the higher the education level the individual had, the larger was the influence of language training on the labor market outcome of the individual (Lochmann et al., 2019). In a study from Finland investigating the well-being and employment of people with foreign background it was discovered that Finnish language training of beginners to intermediate level improved employability (Nieminen et al., 2015). However, this occurred only if the person had a primary education, whereas people with higher education did not benefit from intermediate level language proficiency. Yet, host country language training for skilled migrants is beneficial after they have been recruited, because deficient language proficiency may constrain the migrant from adapting to the organization and transforming from an outsider to an insider (Tharenou & Kulik, 2020).

#### **2.4.2. English as the company language**

What if the skilled migrant is not expected to learn Finnish, but rather the company is expected to operate in English? The common company language of a multinational company

is nowadays English, *lingua franca* (Neeley, 2019), and it is considered as the language of internationalization (Mortensen & Lønsmann, 2018). To me it is intuitive that companies with English as their company language are less intimidated to recruit a foreign employee who does not speak Finnish but is fluent in English. Consequently, the company can maintain their communication language throughout the process. On the contrary, for the companies whose company language is Finnish, it might seem that recruiting a foreign employee is not worth changing the language to English. Indeed, switching the company language is a change that may cause sociolinguistic issues (Mortensen & Lønsmann, 2018). For example, ‘shadow structures’ may be formed, where English language skills determine positions of power rather than the official hierarchies (Marschan-Piekkari et al., 1999). Also, when studying a Danish company that decided to use English in the top management communication, Mortensen and Lønsmann (2018, p. 452) noted that “the language policy leads to marginalization and disempowerment of certain employees”, as such employees did not have a sufficient English proficiency.

Non-native English speakers may also experience language-related stress which leads to a failure in knowledge-sharing (Nurmi & Koroma, 2020). Due to such issues, the resistance of employees to English language policy in the company seems legitimized. Neeley (2012) claims however, that such resistance may be defeated if the company emphasizes that to thrive globally the company must overcome language barriers. Consequently, the company should use English as the company language. I argue that from the perspective of inclusiveness, enforcing a new company language without incorporating the staff is not productive, because it leaves out the individuals who are not fluent in English, which may cause anxiety. Nurmi and Koroma (2020) studied psychological coping processes to examine language-coping mechanism of non-native *lingua franca* speakers in large Finnish multinational companies. They discovered three mechanisms that contribute to a psychologically safe language climate: “(1) *inclusiveness* with respect to participants from different linguistic backgrounds and with varying fluency levels; (2) *empathy* with non-native *lingua-franca* speakers; and (3) *acceptance* of different language-proficiency levels” (Nurmi & Koroma, 2020, p. 11). I perceive that these mechanisms are essential not only for creating a safe language climate but also when integrating skilled migrants into an organization. In fact, the findings resemble the discovery of Tharenou and Kulik (2020). According to them, incorporating solely identity conscious practices like language training and culture courses may indicate to the skilled migrant that they are not accepted as they are.

In addition, skilled migrants are more likely to succeed when they are lead with empathy. Finally, Tharenou and Kulik (2020) emphasize the importance of inclusiveness since an inclusive climate depresses discrimination and hence supports relationship building and integration.

## **2.6. Characteristics of SMEs and skilled migrants' employment**

As shown in the literature reviewed above, managing diversity successfully entails extensive know-how. In addition, it is recommendable that a vast array of practices is used to overcome skill-underutilization and discrimination, which may be challenging for SMEs to achieve (Bocquet et al., 2019; Krishnan & Scullion, 2017). I must note that it was particularly difficult to find literature on SMEs' diversity related issues or even human resource related issues. This shortage is also noted by scholars (Bocquet et al., 2019), and as Dabić et al. (2020, p. 719) aptly remark: "strategic management of talent in SMEs has emerged as a critical element and is almost a tabula rasa for future SME scholars". The human resource management in SMEs tends to be "informal and emergent" as well as complex and heterogeneous (Harney & Dundon, 2006), and there are several issues that are specific to SMEs when aiming to recruit and lead a diverse workforce (Festing et al., 2013; Harney & Dundon, 2006; Lähdesmäki & Suutari, 2020). First, SMEs may suffer from resource constraints which limit their capability to invest in expensive practices (Bocquet et al., 2019; Krishnan & Scullion, 2017). Therefore they may struggle to recruit and retain talent which consequently prohibits SMEs from obtaining the benefits that a more diverse workforce could bring (Bocquet et al., 2019). Second, the labor market pool that SMEs have access to may be small, because they fail to attract skilled labor (Harney & Dundon, 2006). One reason is that "the brands of SMEs are often only known to a small group of people" which is a serious disadvantage (Festing et al., 2013, p. 1874). An alternative explanation is that SMEs may not have resources to invest in human resource practices, and since it is "more difficult to offer competitive compensation and benefits and to attract staff from recruitment pools used by large firms" (Krishnan & Scullion, 2017, .p. 343). Third, workforce diversification demands notable organizational change which may cause resistance especially among the staff who have mainly been in contact with people who possess similar demographics as themselves (Gudmundson & Hartenian, 2000). This is an impactful phenomenon particularly in the rural areas, where people are more homogeneous than in urbanized areas (Lähdesmäki

& Suutari, 2020). Indeed, SMEs situated in rural locations face distinctive challenges if aiming to diversify their workforce, since “businesses located in rural and peripheral regions tend to be strongly embedded in their local communities”, and they must consequently legitimize the recruitment of a migrant so that it is accepted by the local community (Lähdesmäki & Suutari, 2020, p. 1). In addition, migrants may not find rural areas as attractive as metropolitan areas (Derwing & Krahn, 2008; Wulff et al., 2008), which makes the gap between the employers and migrants even wider.

Despite these challenges, SMEs possess several advantages in the labor markets. For example, SMEs may be more agile and creative when seeking talent, and for example recruit a semi-retired professional with advanced experience (Krishnan & Scullion, 2017). In addition, SMEs may have a better working atmosphere and more flexibility (Krishnan & Scullion, 2017). SMEs are also accessing global markets more rapidly than before – “recent technological advances in manufacturing, transportation, and communications [such as remote working, mobile apps and social media] have endorsed SMEs and international entrepreneurs global access” (Dabić et al., 2020, p. 705). In addition, the owner’s demographics (minority status, age and gender) is a significant predictor of the company’s workforce diversity (Gudmundson & Hartenian, 2000), and in human resource development of SMEs, the influence of the owner-manager is particularly important (Dabić et al., 2020).

## **2.7. Framework - Management and leadership of skilled migrants in SMEs**

In this section I will present a robust multilevel framework on ‘Management and leadership of skilled migrants in SMEs’ (see Figure 3) that I developed based on the literature review above. Though the framework is inspired by a wide range of literature, the greatest influencers were Zikic's (2015) framework of ‘Skilled migrants – employer relationship’ and Tharenou and Kulik's (2020) ‘Organizational socialization’ framework. The ‘Skilled migrants – employer relationship’ framework covers the whole lifespan of skilled migrants’ and employers’ relationship, whereas ‘Organizational socialization’ framework’ is focused on the post-organizational entry phase. The framework that I developed also covers the whole lifespan of skilled migrants’ and employers’ relationship but is differentiated from Zikic's (2015) model by including aspects of the socialization process (Tharenou & Kulik, 2020). Both Zikic's (2015) and Tharenou and Kulik's (2020) models focus on Anglo-Saxon

countries, and have MNEs as their context. Hence, the models are not directly applicable to non-Anglo-Saxon countries, like Finland, nor to SME context. Therefore, in the framework developed here, the role of language and SME context are recognized, as they may lead to distinctive challenges considering managing skilled migrants in Finnish SMEs.

The framework of this study is structured as follows. The factors that I found important for the employers to manage and lead international diversity, are situated in the middle. On the left side, there are examples of how the factor impacts the employers' success before the skilled migrant is recruited or is planned to be recruited. On the right side, there are examples of how the factor impacts the employers' success after the skilled migrant has been recruited. This framework will guide me as I aim to understand the employers' perspective when managing and leading international diversity. As this study is exploratory rather than conclusive, the framework does not try to detect causalities, but it rather outlines the issues that companies face when they manage and lead skilled migrants. In the discussion chapter, the framework is used as a guide for the formation of a set of propositions. Next, I will discuss each factor in detail.

#### *External diversity – diversity of clients and social environment*

The *external diversity* of the company, which includes the diversity of clients and the social environment, impacts companies' approach on recruitment of migrants. A successful company is legitimized by its environment, and in rural areas where the population is ethnically homogenous, immigrants are not tolerated as well as in urban areas (Lähdesmäki & Suutari, 2020). The sphere where the company operates may not be restricted to its physical location, as some companies may have a more diverse clientele that spreads over the local customer base. Also, external national forces, such as socio-political policies and anti-discrimination and human rights laws affect organizations (Syed & Murray, 2009). The employer itself may also positively influence its social environment by recruiting migrants (Lämsä et al., 2019; Lundborg & Skedinger, 2016). In previous research the diversity of clientele was found to influence the attitudes toward ethnical minorities (Almeida et al., 2015).

#### *Organizational knowing-why*

*Organizational knowing-why* or the need and motivations to recruit skilled migrants are guided by a shortage of workforce (Kuusio et al., 2014; Lämsä et al., 2019) or organizational values, or both (Lämsä et al., 2019; Zikic, 2015). These values can be moral and economic



values (Lämsä et al., 2019). The economic values refer to the employer's strategic understanding of the benefits of international diversity, for example, how it may foster creativity and innovation (Zikic, 2015). The moral values again are originated in the decision makers' personal value set, or their chosen guidelines such as CSR (Lämsä et al., 2019). It may be argued that to achieve economic opportunities, guidance of both moral and economic values would produce greatest results (Bocquet et al., 2019). The importance of knowing-why may be apparent in the pre-organizational entry phase, but I claim that it still matters in the post-organizational entry phase of the skilled migrants, since a clear strategic understanding of the benefits of diversity motivates the firm to harness these benefits.

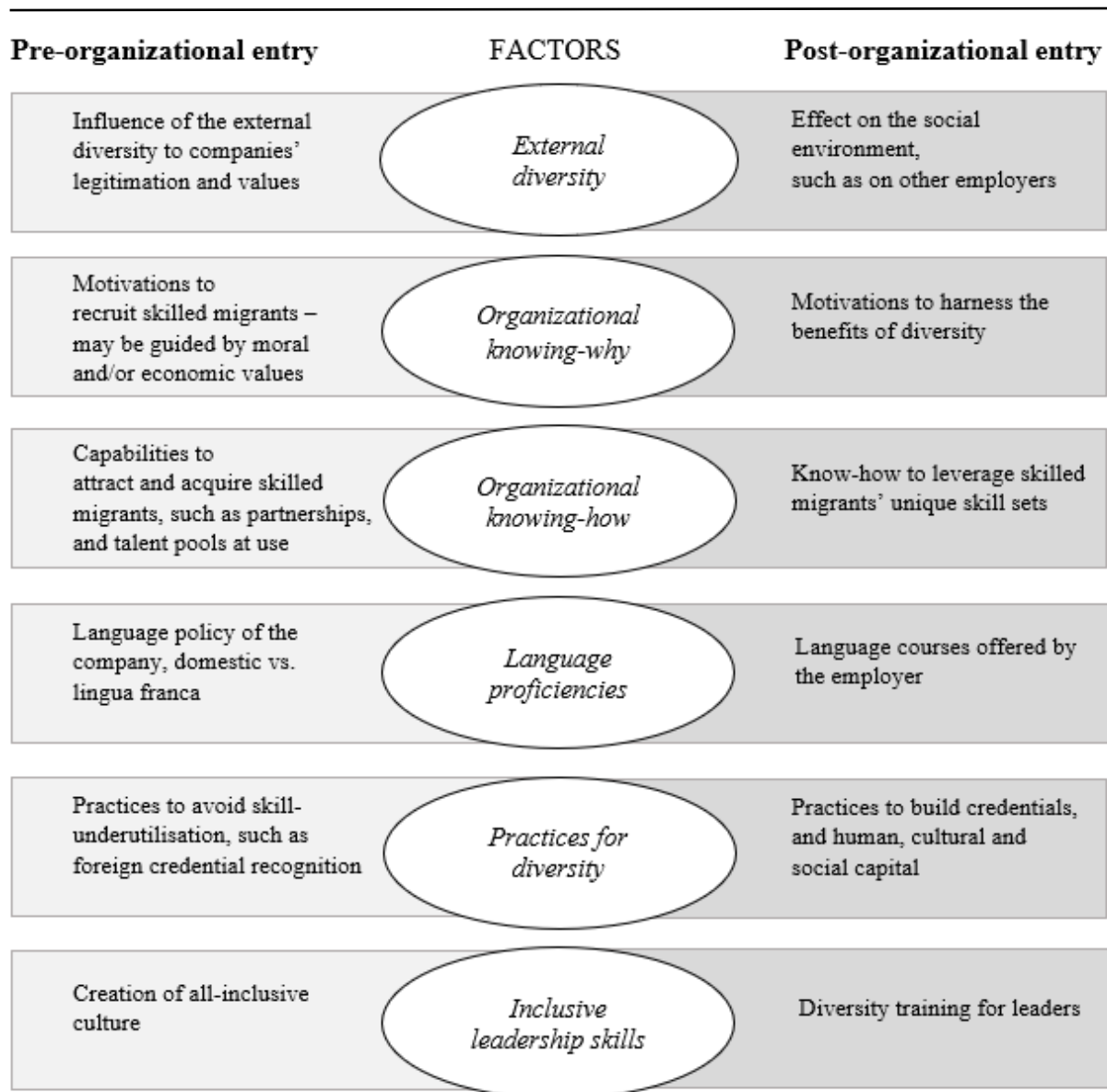
#### *Organizational knowing-how*

Attracting and acquiring skilled migrants, depend upon *organizational knowing-how* (Zikic, 2015). Reaching such organizational knowing-how requires willingness to learn new skills. The know-how may include the recognition of skilled migrants' credentials, understanding the importance of both the wide talent pool when seeking skilled migrants and the partnerships with actors such as local immigrant community agencies and professional associations. Beyond the pre-organizational entry phase, organizational knowing-how is needed to leverage the unique knowledge and experience that skilled migrants possess.

#### *Language proficiencies*

Both the host country language proficiency of the migrant applicant and the lingua franca language proficiency of the existing employees of a company, impact the skilled migrant – employer relationship. Employers' expectations of skilled migrants' host country language proficiency may be caused by business performance related issues (Clark & Drinkwater, 2008). Potential issue is customers' demand of fluent host country language (Syed & Murray, 2009), but language proficiency also relates to (unintended) discrimination (Kalonaityte, 2010). To some language proficiency may signify the level cultural capital (Winterheller & Hirt, 2017), and the level of cultural capital again, demonstrates the level of integration (Jacobs & Tillie, 2004). Host country language training at the post-organizational entry phase may have a positive impact on the integration of the skilled migrants, because deficient language proficiency may constrain the migrant from adapting to the organization and transforming from an outsider to an insider (Tharenou & Kulik, 2020).

### Management and leadership of skilled migrants in SMEs



**Figure 3.** The framework of ‘Management and leadership of skilled migrants in SMEs’.

When investigating companies that do not yet have English, or lingua franca, as their company language, it has been shown that switching the domestic language into English may cause sociolinguistic issues, such as shadow structures (Marschan-Piekkari et al., 1999) and disempowerment of employees with less fluent English (Mortensen & Lønsmann, 2018). Hence, I suggest that those (Finnish) companies whose company language is Finnish, might feel more intimidated to recruit a migrant, since it may urge them to redefine company’s language policy.

### *Practices for inclusion*

Practices that promote inclusion may alleviate the issue of skill-underutilisation of skilled migrants. An employer may feel prosperous if recruiting a highly skilled professional for a job that does not match the applicants' qualifications. However, underemployment of a skilled migrant does not benefit the employer for two reasons. First, the underemployed migrant's skills are not harnessed, which is a loss of human capital from the employer's perspective (Almeida et al., 2015; Tharenou & Kulik, 2020; Zikic, 2015). Second, if the skilled migrant is underemployed, she/he may seek another host country employer who offers qualifications matched employment (Tharenou & Kulik, 2020). Hence, it is recommendable for the employer to make an effort to fully benefit from skilled migrants' skills and to retain the migrants in the company. In pre-organizational entry phase, discrimination-free recruitment practices may be implemented, and paying attention to recognising foreign credentials (Zikic, 2015). In post-organizational entry phase, underemployment may be avoided by committing to the socialization process of skilled migrants (Tharenou & Kulik, 2020). The process requires investing in the capital and credentials of skilled migrants, and in practice consists of diverse activities. To build host country human and cultural capital, practices such as language and culture courses may be offered. For gaining social capital, the employer may organize opportunities to establish networks. The investment may also include other activities, such as help in the application process of permanent citizenship and finding accommodation. Retaining the skilled migrants is challenging especially for SMEs because they have limited capability to invest in such practices (Bocquet et al., 2019; Krishnan & Scullion, 2017).

### *Inclusive leadership skills*

One key element of successful socialization process, is creating an inclusive climate (Tharenou & Kulik, 2020) where the employees may sense belongingness and uniqueness (Boekhorst, 2015). Climate of inclusiveness is needed to harness the benefits of diversity, since such a climate may generate "complete involvement of diverse individuals in the workplace and to provide the opportunity for all organizational members to reach their full potential" (Randel et al., 2018, p. 190). Leaders have an essential role in the creation of inclusive climate (Tharenou & Kulik, 2020). Executing inclusive leadership needs extra effort from leaders, and therefore training may be offered to support the learning of inclusive leadership (Boekhorst, 2015; Randel et al., 2018). Yet, it is not simple to organize successful diversity training. Mandatory training has even found to have negative impact on efforts to

create inclusive climate (Dobbin & Kalev, 2016). A strategy for accomplishing fruitful results is the integration of diversity training into other initiatives (Bezrukova et al., 2016). Another approach is to apply an *all-inclusive multiculturalism* model. In the model, the typical opponents of multiculturalism, who may feel that they are excluded from multiculturalism, are also included and hence do not feel threatened (Stevens et al., 2008). To conclude, leadership of inclusion demands specific skills that are not easy to acquire independently, and without an extra effort, discriminatory behavior may appear.

### **3. Methodology**

This study is empirical by nature and uses quantitative methods. The chapter is divided into two sections: 3.1. Creation and process of the *Talent Boost Index*, and 3.2 The methodology of the thesis. The first section describes how the *Talent Boost Index* working group developed the *Talent Boost Index*, and how the ZEF survey tools functions, which is the platform where The *Talent Boost Index* is embedded. In the second section, I will detail what methodology I used to analyze the data.

#### **3.1. Creation and process of the Talent Boost Index**

##### **3.1.1. Survey development**

The *Talent Boost Index* was developed by the *Talent Boost Index* working group which was formed by employees from Business Finland and Helsinki Region Chamber of Commerce, who have extensive experience in the fields of human resources and international talent acquisition. The main objective is that the *Talent Boost Index* aims to measure “the company's readiness to hire international employees and helps to identify areas of improvement to best employ the expertise of the company's international workforce” (Talent Boost Index, 2019). Furthermore, the *Talent Boost Index* has two additional purposes, that were pointed out by Regina Ainla and Ulla Hiekkänen-Mäkelä, who are employees of Business Finland and part of the *Talent Boost Index* working group (Discussion with Hiekkänen-Mäkelä and Ainla, 2020). First, it is aspired that while fulfilling the *Talent Boost Index*, the respondents will learn about the potential benefits of international diversity and

be encouraged to recruit foreign employees. Second, the data collected from the survey is expected to demonstrate the positive impact the international diversity brings to the firm's performance. This result could then be utilized to motivate SMEs to manage and lead international diversity successfully. As a conclusion, the three objectives of the *Talent Boost Index* are: 1) measure the readiness for recruiting and leading international professionals; 2) educate on the strategic benefits of international professionals to inspire firms to recruit international professionals; and 3) demonstrate the impact of international diversity to firm's performance.

The survey development of the *Talent Boost Index* was an iterative process: feedback was collected in several internal presentations, and the survey was piloted on target audience. The target audience consisted of diversity professionals, human resources professionals, and target respondents, that is, decision makers of SMEs. With assistance of target audience's comments, the questions and terminology were revised, and cooperatively developed further. The survey was also briefly commented by two Aalto university professors before it was launched. Consequently, the *Talent Boost Index* was commented by a comprehensive and diverse test audience. A statistical validation of the *Talent Boost Index* was not conducted.

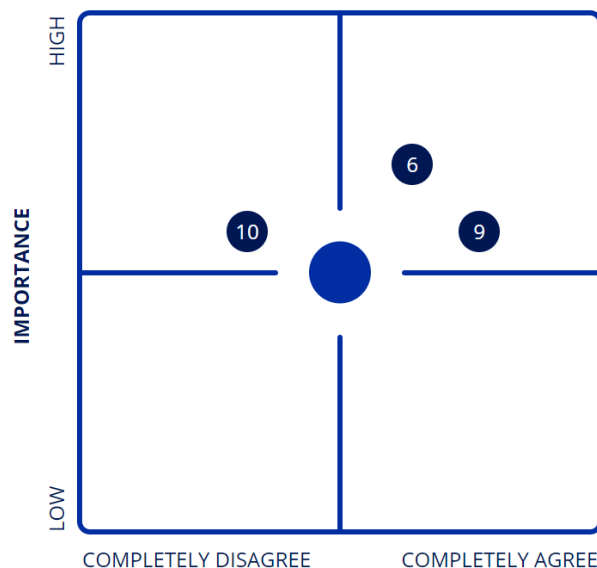
The survey begins with questions considering general information about the company: location, industry, number of employees and business turnover. Next, it continues to cover company's need and motivations to recruit foreign employees, recruitment of foreign employees, integration of foreign employees, and leading a multicultural team. Though the survey does not have subheadings, an informational piece of text appears when transitioning to the next theme. The survey is available both in Finnish and English. The whole *Talent Boost Index* questionnaire can be found in Finnish and English in Appendices 1 and 2, respectively.

The respondents acquire a score based on their answers, which determines a *Talent Boost Index* profile. There are five profiles: 1) "First Steps", 2) "Going for it!", 3 a and b) "More than ready to take the next step", 4) "Boldly forward!", and 5) "Forerunner". For each profile, recommendations for support and actions are given. These recommendations are an essential part of the *Talent Boost Index* because it aims to increase recruitment of international professionals. The recommendations are further discussed in the Findings chapter.

The *Talent Boost Index* explores several phenomena that the *Talent Boost Index* working group had identified as key issues when investigating the employers' decision-making on management and leadership of international professionals (Discussion with Hiekkänen-Mäkelä, Ainla, and Salonen, 2020). There are four themes may be raised from the survey: need and motivation to recruit foreign employees, recruitment of foreign employees, integration of foreign employees, and leadership of a multicultural team.

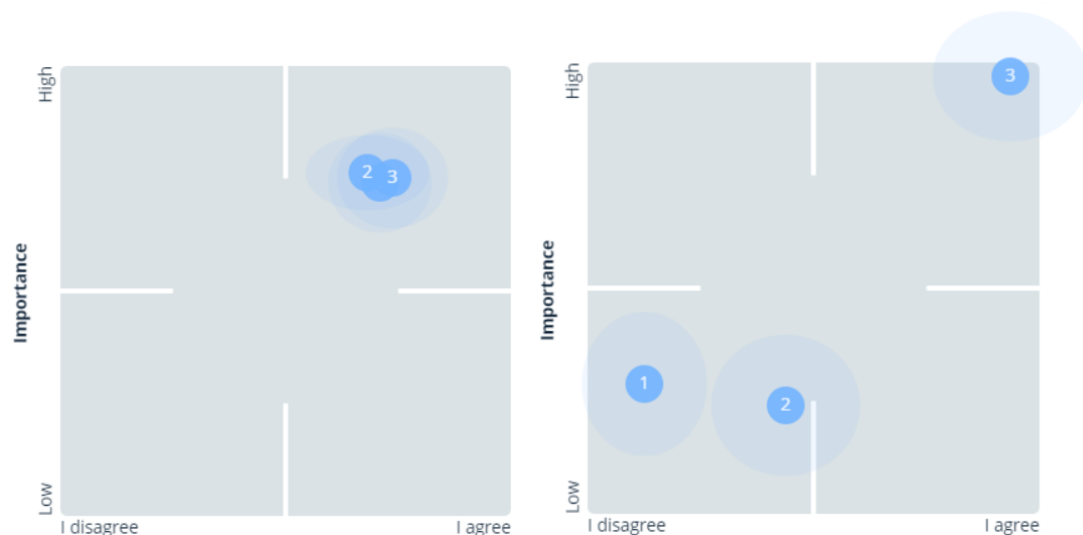
### 3.1.2. ZEF survey tool and Z-scoring method

The *Talent Boost Index* is embedded in a survey tool called ZEF survey platform (website zef.fi). There are four types of questions in the *Talent Boost Index*: two-dimensional chart questions, dichotomous questions, multiple choice questions and one slider question. The two-dimensional chart questions allow asking two questions simultaneously in a graphical chart (Selkälä et al., 2011). The dimensions may be chosen to best suit the aim of a specific survey and in the *Talent Boost Index* the level of agreement with the argument is measured on the *x*-axis, and the importance of the question for the respondent on the *y*-axis. As the respondents answers the questions, they may also compare the importance of their answers as the previous responses appear cumulatively on the chart (see Figure 4). This is a crucial feature of the survey tool since it enables the use of Z-scoring method (Selkälä et al., 2011).



**Figure 4.** ZEF survey tool's graphical two-dimensional chart. Previous responses appear cumulatively in the chart so that the respondents may view and potentially compare their previous answers.

When analyzing the results, the Z-scoring method may be used in the ZEF survey tool. Z-scoring method considers each individual's relative answers rather than absolute values on the scales of two dimensions, as answering styles of individuals may vary significantly: some respondents may have a tendency to align all their responses in a safe area of agreeing while some respondents may clearly agree or disagree (see Figure 5). The standardization algorithm is calculating the relative response of an individual using the standard deviations of responses. Hence, the Z-scoring method qualitatively interprets the quantitative results by standardizing the answers of each respondent, or as Selkälä and Couper (2018, p. 616) notes: "the standardization in ZEF enables the focal items of a questionnaire to be placed in qualitative order through comparison regardless of the quantitative content of the response distributions". As a result, the ZEF tool provides both averaged (quantitative absolute values) and standardized (qualitative standardized values) summary of all respondents. (ZEF, 2019)



**Figure 5.** The Z-scoring method. The diagram on the left presents the average value of all respondents' answers, and the one on the right the same answers using Z-scoring, which are the standardized values.

In the *Talent Boost Index*, the ZEF survey tool uses automatic forwarding, which means that after answering a question, the tool will take the respondent automatically to the next question, instead of the respondent manually clicking "next". Selkälä and Couper (2018) found that the advantage of automatic forwarding compared to manual forwarding was a positive user experience and a slight reduction of straightlining. 'Straightlining' is the respondent's tendency to rush through the survey and is a typical problem with web surveys

(Zhang & Conrad, 2014). A disadvantage of automatic forwarding was a decrease in the quality of responses that require greater cognitive effort (Selkälä & Couper, 2018).

The ZEF survey tool provides results with analytical possibilities. The results may be viewed in a web page, which also acts as an analyzing tool. The tool shows the frequencies of answers in charts and includes multiple features for further analysis. First, a subgroup may be selected to compare how its answers differ from all the responses or from a different subgroup. Second, Z-scoring method may be used by clicking 'intelligent zoom' option to show standardized values. Third, the data may be filtered according to a specific time period. In addition, ZEF enables the application of several chart types to visualize the data, as well as merging charts from different questions and question groups. (ZEF, 2019)

The *Talent Boost Index* includes two trigger questions which lead the respondents to two separate paths depending on their answer. These trigger questions address whether the companies already had foreign employees, and whether the company publishes open positions in only Finnish or in other language as well. To discover which questions were presented to which group see Appendix 2.

### **3.1.3. Data collection**

The *Talent Boost Index* is an online survey, so the recruitment of the respondents occurred online, and the survey was fulfilled online. The target population of the *Talent Boost Index* are individuals in decision-making positions in Finnish SMEs. The survey is designed for continuous use but for the purpose of this research a specific timespan for data collection was chosen: from 24<sup>th</sup> of February to 5<sup>th</sup> of June 2020. This timespan was chosen since the *Talent Boost Index* was published on the 24<sup>th</sup> of February, 2020, and the aim was that initial data of the *Talent Boost Index* would be analyzed soon after publication to gain preliminary insights. The *Talent Boost Index* is located in the web service of Business Finland, under the Talent Boost page ([www.businessfinland.fi/en/for-finnish-customers/services/programs/talent-boost-finland](http://www.businessfinland.fi/en/for-finnish-customers/services/programs/talent-boost-finland)). The *Talent Boost Index* was campaigned in the webservices of Business Finland's and Chamber of Commerce Helsinki and it was promoted in the social media platforms of these organizations. The survey was introduced as a questionnaire that may be fulfilled in 10 minutes, and which companies can use to map their readiness to recruit international talents and get concrete recommendations and ideas on how to proceed (Talent Boost Index, 2020). All respondents were promised anonymity. No personal details



were requested, but an option to submit the name of the organization was given. Also, in an optional question, an email address was requested if the participant was willing to participate in the competition organized by Helsinki Chamber of Commerce.

The sampling method applied was “river sampling” which refers to a sampling method where the survey is promoted on a webpage where members of the target population are likely to notice it (Lehdonvirta et al., 2020; The et al., 1992). River sampling method is simple and cost-effective since it does not require extensive operations such as follow-up contact. However, recruitment to online surveys has become more difficult since the abundance of surveys has grown substantially and hence they are commonly promoted (Lehdonvirta et al., 2020; Sills & Song, 2002). Indeed, the *Talent Boost Index* working group was planning for an extensive campaign to advertise the *Talent Boost Index* during the spring 2020 but unfortunately the campaign had to be cancelled due to the Covid-19 outbreak.

## **3.2. The methodology of the thesis**

### **3.2.1. Nature and philosophical positioning of the study, and research design**

The original goal of this study was to measure readiness of SME’s for managing and leading international talent. Typically, a researcher examines such a phenomenon through a theoretical construct, and the more theory is available on the phenomenon the more solid the construct is (Vehkalahti, 2014). A construct is an abstract concept and cannot be measured directly, and hence needs to be operationalized. Therefore, items, like survey questions, are used since they act as a more comprehensible and concrete measurement instrument. This linear process is an example of conclusive research design which is well structured, and tests specific hypotheses (Birks, 2016; Eriksson & Kovalainen, 2011; Vehkalahti, 2014).

However, as the approach of the *Talent Boost Index* is novel and innovative, it is not designed to examine a theoretical construct, and therefore its questions did not allow researching such a construct. Furthermore, as explained above, the *Talent Boost Index* also has other objectives than measuring readiness, which might have been jeopardized if solely pursuing the measuring readiness aspect. For example, as the *Talent Boost Index* aims to inspire the respondents to recruit and lead international professionals, questions that had negative connotations regarding international diversity were consciously avoided by the creators of

the *Talent Boost Index*. Yet, such questions could have been essential if aiming to objectively measure the readiness to recruit and lead international diversity. Hence, the objective of this study was redefined so that expectations of the study and opportunities of the data were aligned and would produce insightful results. The redefined objective is answering the research question “*Which factors influence the management and leadership of skilled migrants in SMEs?*”.

Another reason for the redefinition was the risk of coverage bias caused by the river sampling method. The river sampling may cause a bias since the respondents self-select themselves which affects the representativeness of the population, or “the degree of capacity of the sample to exhibit the characteristics of the parent population” (Bertino, 2006, p. 149). In the case of the *Talent Boost Index*, the coverage bias may result for two reasons. First, the method only reaches active users of the websites where the survey is promoted. Second, it may be assumed that active users of web services of Business Finland and Chamber of Commerce are specifically seeking opportunities to enhance their business and hence are more aware of business innovations and pioneering leadership styles. These occurrences may lead to a coverage bias, which means that certain subpopulations are left out of the study (Lehdonvirta et al., 2020). Such subpopulations may include representatives of companies that are not beckoned by the topic “international talent”. As some subpopulations do not participate in the study, assumptions of national population based on the study cannot be made. Though this is problematic from a statistical point of view, I suggest that the lack of certain subpopulations does not harm the objectives of the Talent Boost program. This is because the *Talent Boost Index* is likely to be found by adaptive decision makers seeking assistance to manage and lead foreign employees in a more successful manner. As a consequence, I propose that thanks to acknowledging the outcomes of the *Talent Boost Index* such adaptive employers may be more willing and able to recruit international talent, and benefit from expertise of foreign employees.

The decision to redefine the objective of the study is inherent to qualitative research where the research process is iterative and circular rather than linear, as it is in quantitative research (Eriksson & Kovalainen, 2011). Indeed, the process of this study is an adequate example of hermeneutical circle, since it takes into account presuppositions of the stakeholders of the study, who are primarily the *Talent Boost Index* working group and me, the researcher (Eriksson & Kovalainen, 2011; Grondin, 2015). Unlike what is common for a study with

numerical data, this study does not take a positivist position but an interpretive one. In addition, to avoid unethical research practice of hiding non-significant research findings (Shapiro & Kirkman, 2018), all significant results are presented either in the text or in the appendices.

As this study is a pioneering study, an exploratory design was applied. An exploratory research does not aim to reach confirmatory or conclusive results but rather initially maps a phenomenon (Birks, 2016). A study that is exploratory in nature aims to understand the phenomenon rather than measure it (Birks, 2016), even if the data were represented as measurable items. Therefore, for this exploratory study it is sufficient to identify the factors that influence the companies when they manage and lead skilled migrants rather than quantify them.

### **3.2.2. Method of analysis**

The first step of the analysis was a cleaning process (Adams et al., 2007), which included elimination of blank respondents, test rounds and respondents who had only answered to limited number of questions and hence, had significant missing data which therefore could not be analyzed. Before the cleaning process the number of respondents was 235, and after the process it was 109 ( $N = 109$ ). The analysis was done using Microsoft Office Excel and IBM SPSS Statistics, and thus the next step was to code the data in Excel into a form that it could be analyzed in both Excel and SPSS. I did the conversion with a great care since it is essential for data integrity (Birks, 2016). From now on, the two-dimensional chart questions will be referred to as items, since in the *Talent Boost Index* the two-dimensional chart is used for presenting questions and arguments. The coding included four phases: a) modifying two-dimensional chart items, b) transforming continuous variables into categorical form, c) dichotomic coding, and d) coding categorical variables into numerical form.

#### *a) Modifying two-dimensional chart items*

The original unit that was used by the respondents in the two-dimensional chart items by ZEF, had the scale of 0-100 and the same unit is used in the analysis of this study. Therefore, these items act as continuous variables (Birks, 2016; Vehkalahti, 2014). The data imported from the *Talent Boost Index* to Excel showed the answers to two-dimensional chart items in one cell – the values for both agreement with the item and the importance of the item. The two values were first separated, and then their average value was calculated. This resulted

in three values: agreement, importance, and their average. Initially, the purpose was to examine only the values for agreement and importance, where agreement was seen equivalent to implementation of practice presented in the item, and importance as an indicator of how highly the respondent values the topic represented in the item. However, not all the items could be examined so that agreement would indicate implementation. Instead, in some items the level of agreement addressed rather perception whether the respondent indeed agreed with the topic asked. Hence, the items were divided into two categories according to the characteristics of the item: (1) action and (2) perception items, and these two categories were treated differently when analyzing the data. I will explain in section 4.2.1. 'Descriptive statistics of continuous variables' how this division was executed, and how it affects the analysis of the data.

*b) Transforming continuous variables into categorical form*

To be able to use crosstabulation for the analyzes, specific continuous variables were transformed into categorical form in SPSS. The categories were 0-10 = 1, 11-20 = 2, and so on.

*c) Dichotomic coding*

The dichotomic 'yes/no' questions of the *Talent Boost Index* were coded accordingly: answer 'yes' is coded with number 1 and 'no' with number 0 (Vehkalahti, 2014). Also, the answers to multiple-choice questions were coded into dichotomous form so that ticking a box indicates 'yes' or number 1, and not ticking the box indicates 'no' or number 0.

*d) Coding categorical variables into numerical form*

Even though categorical variables, such as location and industry of the firm, are purely qualitative and hence cannot be set to certain order, to use them in analysis they were coded into numerical form to be able perform tests in SPSS (Vehkalahti, 2014). These numerical variables were not used in ordinal manner.

### **3.2.3. Data analysis**

The quantitative analysis of the data included univariate analyzes, or examination of frequency distribution and other descriptive statistics, and multivariate analyzes where two (or more) variables were analyzed simultaneously (Birks, 2016). The multivariate analyzes used in this study include examination of correlations, subgroup comparisons and

crosstabulations. The size and normality of the sample limited the availability of tests (Field, 2005). To scrutinize univariate normality of the continuous variables, I used histograms and normal curves as well as variable mean, variance, standard deviation, skewness (range from 0.203 to 1.520), and kurtosis (range from 0.010 to 2.291). I found that the variables were not normally distributed, and the size of the sample was quite small as many respondents did not finish the survey. Hence, the tests that were suitable for the data were chosen. Rationalization for each decision is presented independently in the following listing of the tests used.

#### *Frequency distributions*

In frequency distribution one variable is examined at a time to view what values each variable expresses (Birks, 2016; Kalaian, 2008; Vehkalahti, 2014). Frequency distribution can only be applied on categorical variables, and hence most continuous variables were examined with other methods (Vehkalahti, 2014). However, if I found that examining a specific continuous variable's frequency distribution would be beneficial, I converted that variable into categorical form in SPSS. The descriptive statistics which are number of observations ( $N$ ), measures of location (mean, mode and median), measures of variability (range and standard deviation), and measures of shape (skewness and kurtosis) (Birks, 2016), were calculated.

#### *Correlations – Kendall's tau ( $\tau$ )*

To understand the relations between continuous variables, correlation coefficients of continuous variables were calculated. I examined each variable pair's two-tailed correlations in a correlation matrix to observe whether there is a positive or negative, or non-existent association between each pair. If even a weak correlation was found, I draw a scatter dot to represent the values, to estimate the correlation further (Vehkalahti, 2014). I used correlations solely to investigate the relationships between the continuous variables as correlations cannot be used to detect causalities (Field, 2005). Pearson correlation coefficient ( $r$ ) was not used because as pointed by Field (2005, p. 125) "for the test [Pearson correlation coefficient] to be statistically valid data have to be normally distributed". Instead, for non-normally distributed variables, rather than using the Pearson coefficient, two tests may be used – Spearman's correlation coefficient ( $r_s$ ) and Kendall's tau ( $\tau$ ). These tests work by first ranking the data and are therefore suitable for non-normally distributed data (Field, 2005). I chose Kendall's tau, since it is specifically suitable for a small data set

where many ranked “scores have the same rank” (Field, 2005, p. 131), and is consequently my primary test for correlations.

#### *Subgroup analysis – t-test (t) and the Mann–Whitney test (U)*

I decided to use both the independent t-test (*t*) and the Mann–Whitney (*U*) test to compare two subgroups, and to make causal inferences (Field, 2005). These tests are suitable for testing how a categorical variable (the grouping variable) affects a continuous variable’s outcome, and hence goes one step further than correlation, where no causality can be interpreted. The independent t-test as well is preferably done with a larger sample size, or with a variable that is normally distributed. When testing the variables for normality, I found that many of them were not normally distributed. However, as the sample size was almost large enough to run the t-test, I ran both the t-test and the Mann–Whitney test. The Mann–Whitney test is suitable also for a smaller sample, and normal distribution is not expected and is as such a non-parametric test. The Mann–Whitney test is non-parametric test and “work on the principle of ranking the data” so that lowest score is defined as 1, the next as 2 and so on (Field, 2005, p. 521). Therefore, the Mann–Whitney test does not have a minimum sample size (Birks, 2016) and could be used for comparing subgroups in addition to the independent t-test. When reporting the results for the Mann–Whitney tests, arithmetic mean was used. The arithmetic mean was chosen instead of using mean rank, since it is more descriptive than the mean rank.

When dividing the sample into more than two subgroups, a common test to use to compare is one-way ANOVA (Vehkalahti, 2014). However, the number of responses to some questions were so low, that it violated the assumptions of ANOVA (Field, 2005). Hence, to compare multiple groups simultaneously, the Kruskal–Wallis test (*H*) was applied. The Kruskal–Wallis test is based on first ranking the data, just as Kendall’s tau and the Mann–Whitney tests (Field, 2005).

#### *Crosstabulation*

I used crosstabulation to understand how a categorical variables relate to other categorical variables as “crosstabulation is the merging of the frequency distribution of two or more variables in a single table” (Birks, 2016, p. 570), and because it provides results that enable clear interpretations (Birks, 2016; Wagner III, 2009). Crosstabulation can only be executed on categorical variables and data is therefore considered to be qualitative (Wagner III,

2009). However, converting the form of the continuous variable also enables analyzing the variable's relationship between categorical values via crosstabulation. In most cases I applied bivariate crosstabulation to analyze only two variables simultaneously, but also three variable crosstabulation was used to refine the results (Birks, 2016). Statistical significance of crosstabulations could not be tested as the assumptions of the Chi-square statistic ( $\chi^2$ ) were not met due to small sample size (Birks, 2016).

Table 1 illustrates the many similarities of the analyses used in this study and the analyses available in the Z survey tool. In this study, the Z-scoring method was not used, because the method demands specific interest from the respondents to compare and rank their answers. This interest cannot be measured. As Selkälä et al. (2011, p.616) note “distortions in attitude can be interpreted as such only when the respondent empirically pays more attention to the relationships between his or her responses than to their absolute location on the scale used”.

**Table 1.** Methods provided by the ZEF survey tool and used this thesis.

| Method   | ZEF survey tool | The methods of the thesis |
|--|-----------------|---------------------------|
| Cleaning process of data                               |                 | x                         |
| <i>Descriptive statistics:</i>                         |                 |                           |
| Number of respondents (N)                              | x               | x                         |
| Frequency distribution                                 | x               | x                         |
| Measures of location (mean, mode and median)           | x               | x                         |
| Measures of variability (range and standard deviation) | x               | x                         |
| Measures of shape (skewness and kurtosis)              |                 | x                         |
| <i>Multivariate analysis:</i>                          |                 |                           |
| Crosstabulation  | x <sup>1</sup>  | x                         |
| Correlation coefficient (Kendall's tau)                |                 | x                         |
| Comparing means (t-test and Mann-Whitney)              |                 | x                         |

<sup>1</sup> ZEF survey does not provide crosstabulation but it is possible to select a subgroup to compare how its answers vary from all the responses or from a different subgroup.

## 4. Findings

I will begin this chapter with a description of the sample and the sample demographics. Then, I will analyze the data as described in the methodology chapter.

### 4.1. Sample and sample demographics

The number of responses was 109. However, the number varies notably between questions due to two reasons. First, all participants did not complete the *Talent Boost Index* but instead left it unfinished – the first question was answered by 109 respondents and the last question by 55 respondents. Second, as there were trigger questions, not all questions were presented to all respondents. Hence, to some questions there may be only 21 respondents. Participants with missing data were not excluded from the analysis due to low number of responses.

The demographic details of the companies the respondents represented are shown in Table 2 and Table 3. A vast majority of the respondents were located in Uusimaa ( $N=53$ ), which is the region where the capital of Finland is situated. However, it does not necessarily mean that respondents from Uusimaa are located near to the capital, as Uusimaa is a region spreading over 9 500 km<sup>2</sup>. The industries that were most presented were ‘ICT and software design’ ( $N = 23$ ), ‘Consulting and other business services’ ( $N = 22$ ), and ‘Marketing and communications’ ( $N = 10$ ).

The turnover and number of employees of the companies show that a majority of the participant companies were SMEs, and particularly small companies. In Finland, the definition of a small company is that the company employs 50 or less employees, and/or has a maximum turnover of 10 million euros (EK, 2018). This definition was fulfilled by 82 % of the participant companies. In the survey, the turnover and number of employees of the *branch* was asked from the participants. However, since majority of the companies were small companies, it is likely that most companies only have one branch.

The number of respondents that already had a foreign employee was 39, whereas 23 respondents did not yet have a foreign employee (Table 4). Hence, as expected due to self-selection, the *Talent Boost Index* attracted mostly respondents that already had some



**Table 2.** Demographic details of the sample – region of location (N = 109) and industry (N = 104).

| Region of location  |                                | Industry  |                                |
|---|--------------------------------|---|--------------------------------|
|   | <i>Frequency<br/>(N = 109)</i> |   | <i>Frequency<br/>(N = 104)</i> |
| Uusimaa   | 53 (49 %)                      | ICT and software design   | 23 (21 %)                      |
| Varsinais-Suomi   | 13 (12 %)                      | Consulting and other business services  | 22 (21 %)                      |
| Pohjois-Savo  | 7 (6 %)                        | Marketing and communications  | 10 (10 %)                      |
| Pirkanmaa   | 6 (5 %)                        | Hospitality industry  | 8 (8 %)                        |
| Satakunta   | 4 (4 %)                        | Research and development  | 7 (7 %)                        |
| Other regions<br>(Pohjois-Pohjanmaa, Pohjanmaa, Keski-Suomi, Pohjois-Karjala, Päijät-Häme, Kymenlaakso, Kanta-Häme, Etelä-Pohjanmaa, Keski-Pohjanmaa, Kainuu) | 26 (24 %)                      | Other industries<br>(Industry; Wholesale and retail trade; Social services and health care; Architectural and engineering services; Transportation, logistics and storage; Financial sector; Energy and environmental management) | 18 (17 %)                      |
|   |                                | Unspecified industry  | 16 (15 %)                      |

**Table 3.** Demographic details of the sample – business turnover and number of employees.

| Business turnover |                                | Number of employees |                               |
|-------------------|--------------------------------|---------------------|-------------------------------|
|                   | <i>Frequency<br/>(N = 104)</i> |                     | <i>Frequency<br/>(N = 97)</i> |
| Less than 2 M €   | 50 (48 %)                      | 1-19                | 61 (63 %)                     |
| 2-10 M €          | 34 (33 %)                      | 20-49               | 17 (18 %)                     |
| 10-100 €          | 15 (14 %)                      | 50-199              | 15 (15 %)                     |
| Over 100 M €      | 5 (5 %)                        | Over 200            | 4 (4 %)                       |

experience of international diversity. Nonetheless, only 14 of the 39 companies that had a foreign employee had recruited the employee abroad. These findings are essential categorical variables for this study since they are not only demographic variables, but they also act as determinants of subgroup division (see sections 4.3.5. and 4.3.6.).

**Table 4.** Frequency distributions of essential categorical variables that determine subgroup division.

| <i>Question</i>  | <i>Frequency (N)</i> | <i>Percentage (%)</i> |
|--|----------------------|-----------------------|
| A foreign employee(s) in Finnish location ( $N = 61$ ) |                      |                       |
| Yes  | 39                   | 63 %                  |
| No   | 23                   | 37 %                  |
| The foreign employee was recruited from ( $N = 39$ )   |                      |                       |
| Finland  | 35                   | 84 %                  |
| Abroad   | 14                   | 36 %                  |

## 4.2. Continuous variables

In this section I will analyze the correlations between the continuous variables with Kendall's tau ( $\tau$ ) correlation coefficient. First, I will describe the variables and detail how the variables were treated to obtain a meaningful analysis. As discussed in section 3.1.2., the two-dimensional chart items of ZEF survey tool act as continuous variables with the scale of 1-100. I grouped the variables into themes that takes inspiration from the Talent Boost Index, to clarify what the variables are related to. The themese are *need and motivation to recruit foreign employees*, *recruitment of foreign employees*, *integration of foreign employees*, and *leading a multicultural team* (see Table 5).

### 4.2.1. Descriptive statistics of continuous variables

The continuous variables were divided into two categories according to the characteristics of the item: (1) action and (2) perception variables. The two categories were distinguished accordingly – if the item included a clear action or practice the item was determined as an action item, and if not, it was determined as a perception item. To illustrate the distinction, here are examples of both an action and a perception item:

### **1. Action item:**

*“We do international company brand marketing, which also supports international recruitments.”*

Where “brand marketing” is a practice and agreeing with the item refers to the level of action of implementing the action. The level of importance indicates how high the respondent values the topic represented in the item. Both the value of ‘agreement’ and the value of ‘importance’ were analyzed separately.

### **2. Perception item:**

*“Do the managers in your company have sufficient skills to lead a multicultural team?”*

Where a practice does not exist and hence, the level of agreement indicates perceived level of “sufficient skills”. The level of importance is addressed as above. The value of ‘agreement’ and the value of ‘importance’ were not analyzed separately, but their average was used in the analysis.

The action/perception division of the all the items may be found in Appendix 3. The two categories were treated differently when analysing the data. With the action items, the values of agreement and importance were analyzed separately. With the perception items the average value of agreement and importance was used, since separating the values did not add value to the analysis. This is because it was considered equally relevant whether the respondent agreed with the item or found it important. Hence, when examining action items, I will refer to two values (action and importance), but when examining perception items, I will only refer to one value which is the mean of the ‘action’ and ‘importance’ values.

The number of respondents ( $N$ ), means ( $M$ ) and standard deviations ( $\sigma$ ) of the responses to the continuous variables are provided in Table 5. The means of the continuous variables vary from 46 to 79 (the scale of the continuous variables is 0-100), however the mode of means is 71 which shows that answers to continuous variables were closer to maximum than minimum.

When examining the whole sample as one group, three continuous variables that had the lowest means were ‘Coaching for managers’ (means for both ‘action’ and ‘importance’ were low at 46 and 65, respectively), ‘International brand marketing’ (means for both ‘action’ and

**Table 5.** Descriptive statistics of continuous variables. To see the original item presented for the participant in the *Talent Boost Index*, see Appendix 3. The order of the items in the table is same as it was in the *Talent Boost Index*.

| <i>Theme</i>  | <i>Abbreviation of the item</i>              | <i>N</i> | <i>Mean</i> | <i>Std.<br/>Deviation</i> |
|---|--|----------|-------------|---------------------------|
| <i>Need and motivation to recruit foreign employees</i> |  |          |             |                           |
|   | Shortage of workforce                        | 100      | 64          | 23                        |
|   | International growth plans                   | 84       | 73          | 23                        |
|   | Hire people familiar with the target markets | 82       | 70          | 21                        |
|   | Diversity adds innovation                    | 76       | 75          | 17                        |
| <i>Recruitment of foreign employees</i>                 |  |          |             |                           |
|   | Plan to hire foreign employee: action        | 74       | 68          | 28                        |
|   | Plan to hire foreign employee: importance    | 74       | 64          | 23                        |
|   | Prioritize competence: action                | 72       | 79          | 22                        |
|   | Prioritize competence: importance            | 72       | 72          |                           |
|   | International brand marketing: action        | 70       | 57          | 29                        |
|   | International brand marketing: importance    | 70       | 61          | 25                        |
| <i>Integration of foreign employees</i>                 |  |          |             |                           |
|   | Train societal rules: action                 | 32       | 69          | 25                        |
|   | Train societal rules: importance             | 32       | 74          | 23                        |
|   | Train workplace rules: action                | 30       | 68          | 28                        |
|   | Train workplace rules: importance            | 30       | 76          | 18                        |
|   | Support networking: action                   | 27       | 74          | 27                        |
|   | Support networking: importance               | 26       | 78          | 21                        |
|   | Workplace is multicultural                   | 29       | 77          | 22                        |
|   | Workplace is ready for multiculturalism      | 23       | 63          | 25                        |
| <i>Leading a multicultural team</i>                     |  |          |             |                           |
|   | Discussion on multiculturalism: action       | 51       | 62          | 26                        |
|   | Discussion on multiculturalism: importance   | 51       | 70          | 23                        |
|   | Offer equal opportunities: action            | 51       | 79          | 21                        |
|   | Offer equal opportunities: importance        | 51       | 78          | 21                        |
|   | Encourage career advancement: action         | 28       | 70          | 30                        |
|   | Encourage career advancement: importance     | 28       | 74          | 26                        |
|   | Managers' open-minded attitude               | 52       | 73          | 23                        |
|   | Managers skills for leading multiculturalism | 29       | 72          | 19                        |
|   | Coaching for managers: action                | 28       | 46          | 31                        |
|   | Coaching for managers: importance            | 28       | 65          | 27                        |
|   | Identified the need for coaching             | 21       | 54          | 23                        |

‘importance’ were comparatively low at 57 and 61, respectively), and ‘Discussion on multiculturalism’ (only the mean for ‘action’ was low at 62). In contrast, the variables that were most agreed with were ‘Offer equal opportunities’ (means for both ‘action’ and ‘importance’ were high at 79 and 78, respectively), ‘Support networking’ (means for both ‘action’ and ‘importance’ were high at 74 and 78, respectively), and ‘Workplace is multicultural’ (mean was high at 77). Also, the items that indicate the understanding of strategic benefits that diversity may produce, which are ‘Hire people familiar with the target markets’ and ‘Diversity adds innovation’, had rather high means: 70 and 75, respectively.

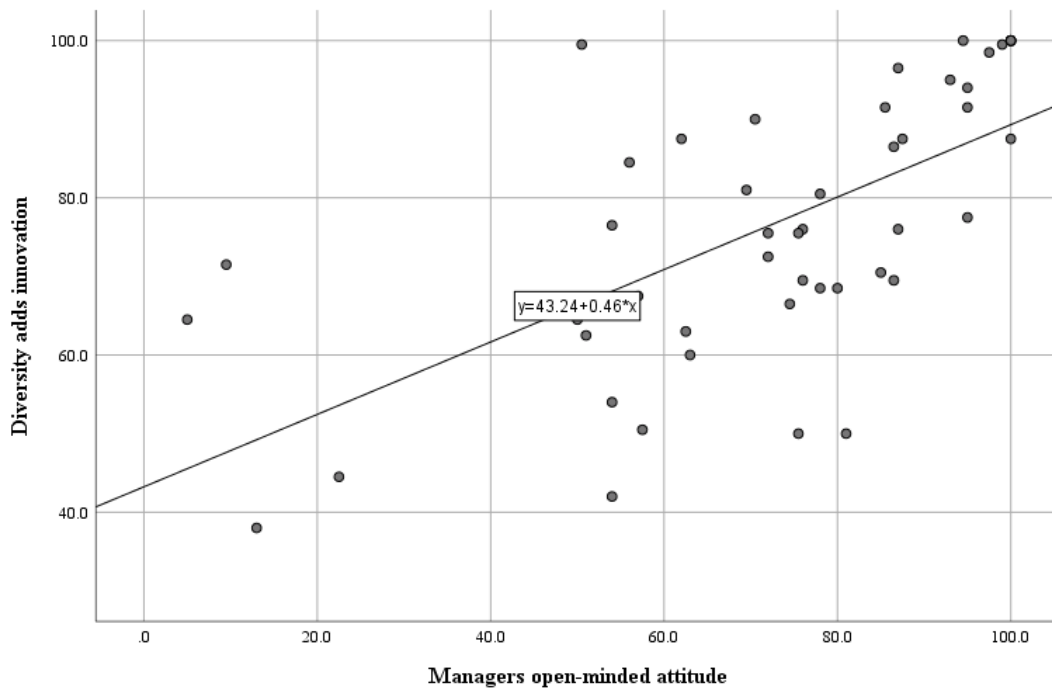
#### **4.2.2. Correlations of continuous variables**

When testing two-tailed correlations between continuous variables with Kendall’s tau ( $\tau$ ), several significant correlations were found, which were all positive. In detail, of the total of 382 correlations tested, 161 were significant at  $p < 0.01$  level and 66  $p < 0.05$  level, while 155 were not significant (see Appendix 4 for the correlation matrix). I will report the correlations that seem most relevant to this study and describe why I find these specific correlations pertinent. Though a correlation between two variables cannot be used to determine causalities, I will discuss and interpret whether there is reason to assume that a causal relationship does exist where one variable causes the other, or whether there could be a third variable that affects the correlation coefficient.

There was a significant relationship between the variable ‘Plan to hire a foreign employee: action’ ( $M = 68$ ) and the variable ‘Shortage of workforce’ ( $M = 64$ ,  $\tau = 0.273$ ,  $p < 0.01$ ). When interpreting the causality of this correlation, I may assume that shortage of workforce causes planning to hire a foreign employee, not the opposite. I find this correlation relevant for the study, since it may signal that companies who suffer from shortage of labor force, may have widened their talent pool from the local pool by incorporating skilled migrants. An undetected, third variable might be that the company fails to be attractive in the realm of the local talent pool.

The variable ‘Managers’ open-minded attitude’ ( $M = 73$ ) was significantly correlated with the variable ‘Diversity adds innovation’ ( $M = 75$ ,  $\tau = 0.527$ ,  $p < 0.01$ ) (see Figure 6). To me, this correlation may indicate that if the awareness of strategic benefits of diversity are known throughout the organization, the managers also have positive attitude towards diversity. The assumption of this interpretation is that the awareness of benefits causes attitudinal changes.

However, the causality could go vice versa – positive attitudes towards foreign employees may affect so that individuals perceive the strategic benefits of skilled migrants in an optimistic manner. An undetected variable that might be responsible of both variables could be organizational culture – for example both variables could be explained by whether the company has adopted the ‘Silicon Valley mindset’ which is exemplified by “innovation, flexibility, nimbleness and the ability to think differently” (Newlands, 2016, p. 1).



**Figure 6.** Scatterplot graph and regression line of ‘Managers’ open-minded attitude’ in relation to ‘Diversity adds innovation’.

There was a positive relationship also between the variable ‘International growth plans’ ( $M = 73$ ) and the variable ‘Hire people familiar with the target markets’ ( $M = 70$ ,  $\tau = 0.361$ ,  $p < 0.01$ ). From my perspective, this correlation may suggest that internationalizing companies recognize the importance of target market knowledge and therefore value skilled migrants as potential employees. Therefore, the assumption for the direction of causality is that plans to internationalize produce a recognition of the value of target market knowledge. When placing the causality conversely, it is not sensible. A third variable that could affect the relationship between these variables, may be the amount of resources. It could explain both variables, especially when examining responses with lower values – a company which does not have resources to internationalize might not have resources to make new recruitments either. Another way to examine how recognition of the benefits of diversity influences willingness to recruit skilled migrants is to investigate the

relationship between ‘Plan to hire a foreign employee: action’ ( $M = 68$ ) and ‘Diversity adds innovation’ ( $M = 75$ ). However, there was only a weak correlation ( $\tau = 0.172$ ,  $p < 0.05$ ) between these variables, that did not appear cogent when exploring the correlation’s scatterplot graph (see Appendix 5), and as such was not considered as a relevant finding in this study.

To examine how the companies invest in the capital and credentials of skilled migrants, a correlation matrix of four variables was created (Table 6 and Figure 7): ‘Train societal rules: action’ ( $M = 69$ ) and ‘Train workplace rules: action’ ( $M = 68$ ) to investigate the investment in country-specific human capital and cultural capital, ‘Support networking: action’ ( $M = 74$ ) to investigate the investment in social capital, and ‘Encourage career advancement: action’ ( $M = 70$ ) to investigate the investment in upgrading credentials.

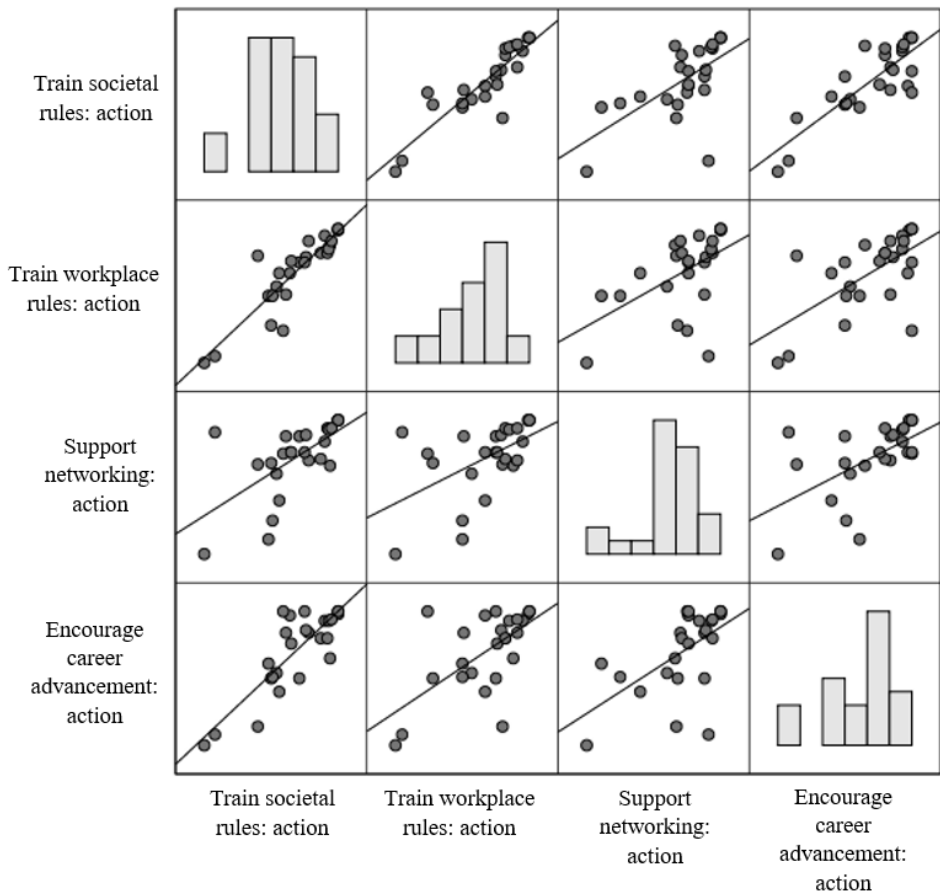
**Table 6.** Kendall’s tau ( $\tau$ ) correlation matrix of the variables ‘Train societal rules: action’ ( $M = 69$ ), ‘Train workplace rules: action’ ( $M = 68$ ), ‘Support networking: action’ ( $M = 74$ ), and ‘Encourage career advancement: action’ ( $M = 70$ ).

| <i>Variable</i> |                                      | 1      | 2      | 3      | 4     |
|-----------------|--------------------------------------|--------|--------|--------|-------|
| 1               | Train societal rules: action         | 1.000  |        |        |       |
| 2               | Train workplace rules: action        | .765** | 1.000  |        |       |
| 3               | Support networking: action           | .517** | .482** | 1.000  |       |
| 4               | Encourage career advancement: action | .489** | .464** | .497** | 1.000 |

\*\*. Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix had solely significant correlations ( $p < 0.01$ ), which were all positive. The findings of the correlation matrix imply that a company which for example trains societal rules to a foreign employee, also trains workplace rules, supports networking, and encourages career advancement. However, this notion cannot be confirmed with this analysis. Still, I may interpret that the investments to the employee’s credentials, and human, cultural and social capital, come as a bundle of investments – for example if a company invests in cultural capital of the employee it most likely invests also in credential development, and human and social capital. This may indicate that companies which are aware of the requirements to successfully accommodate a foreign employee have comprehensive awareness of the essential practices. And in contrast, the companies that are

not aware of the requirements are comprehensively unaware what practices are needed.



**Figure 7.** A matrix scatterplot of the variables ‘Train societal rules: action’, ‘Train workplace rules: action’, ‘Support networking: action’, and ‘Encourage career advancement: action’ with histograms of each variable.

The relationship of implementation and appreciation of diversity training and anti-discrimination measures was examined by investigating the correlations of variables ‘Coaching for managers: action’ ( $M = 46$ ) and ‘Coaching for managers: importance’ ( $M = 65$ ) in relation to variables that embody preventive actions. The variables ‘Support networking: importance’ ( $M = 78$ ), ‘Discussions on multiculturalism: importance’ ( $M = 70$ ), ‘Offer equal opportunities’ ( $M = 78$ ), and ‘Encourage career advancement’ ( $M = 74$ ) were chosen to embody anti-discrimination measures (see Table 7).

All of the variables that were chosen to signify appreciation of anti-discrimination measures had a strong correlation ( $p < 0.01$ ) with the variable ‘Coaching for managers: importance’. For example, there was a particularly strong correlation between variables ‘Coaching for



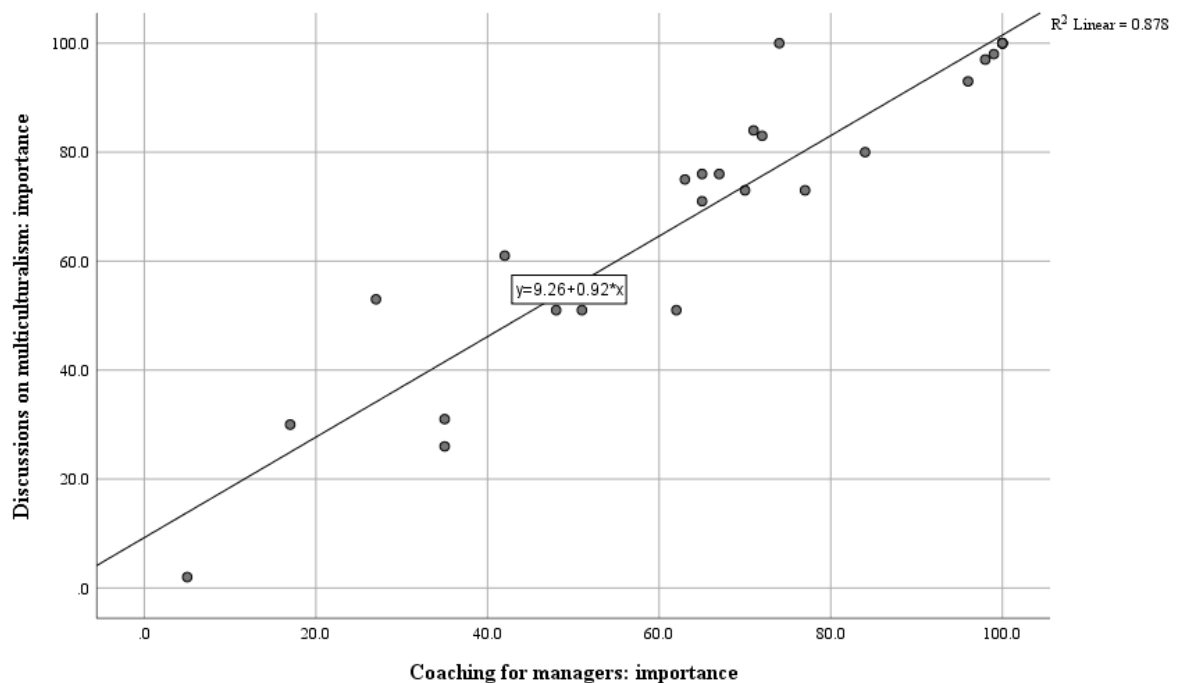
managers: importance' and 'Discussions on multiculturalism: importance' ( $\tau = 0.819$ ,  $p < 0.01$ ) (see Figure 8).

**Table 7.** Correlations between variable 'Coaching for managers: importance', and the variables that were chosen to embody the appreciation of anti-discrimination activities.

|                                   | <i>Anti-discrimination measures</i> |   |                                      |  |
|-----------------------------------|-------------------------------------|---|--------------------------------------|--|
|                                   | Support networking: importance      | Discussions on multiculturalism: importance | Offer equal opportunities importance | Encourage career advancement: importance |
| Coaching for managers: importance | .449**                              | .819**                                      | .598**                               | .593**                                   |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

To examine which variable best predicts the companies' intentions to hire foreign employees, the relationship of the variable 'Plan to hire foreign employee: action' ( $M = 68$ ) to variables 'Shortage of workforce' ( $M = 64$ ) 'International growth plans' ( $M = 73$ ), 'Hire people familiar with the target market' ( $M = 70$ ), and 'Diversity adds innovation' ( $M = 75$ )



**Figure 8.** Scatterplot graph and regression line of 'Coaching for managers: importance' in relation to 'Discussions on multiculturalism: importance'.

were scrutinized. The best estimator was the ‘Shortage of workforce’ as it had the strongest correlation with ‘Plan to hire foreign employee: action’ ( $\tau = 0.273$ ,  $p < 0.01$ ), followed closely by ‘Hire people familiar with the target market’ ( $\tau = 0.251$ ,  $p < 0.01$ ). ‘International growth plans’ and ‘Diversity adds innovation’ were weaker predictors but also had positive relationship with ‘Plan to hire foreign employee: action’ ( $\tau = 0.211$ , and  $\tau = 0.172$ , respectively,  $p < 0.05$ ).

### 4.3. Frequencies of multiple-choice questions

The frequency distributions of all multiple-choice questions may be found in bar chart format in Appendix 6. Here, I have chosen to analyze the question that are most connected to this study.

#### 4.3.1. Prospective talent pools

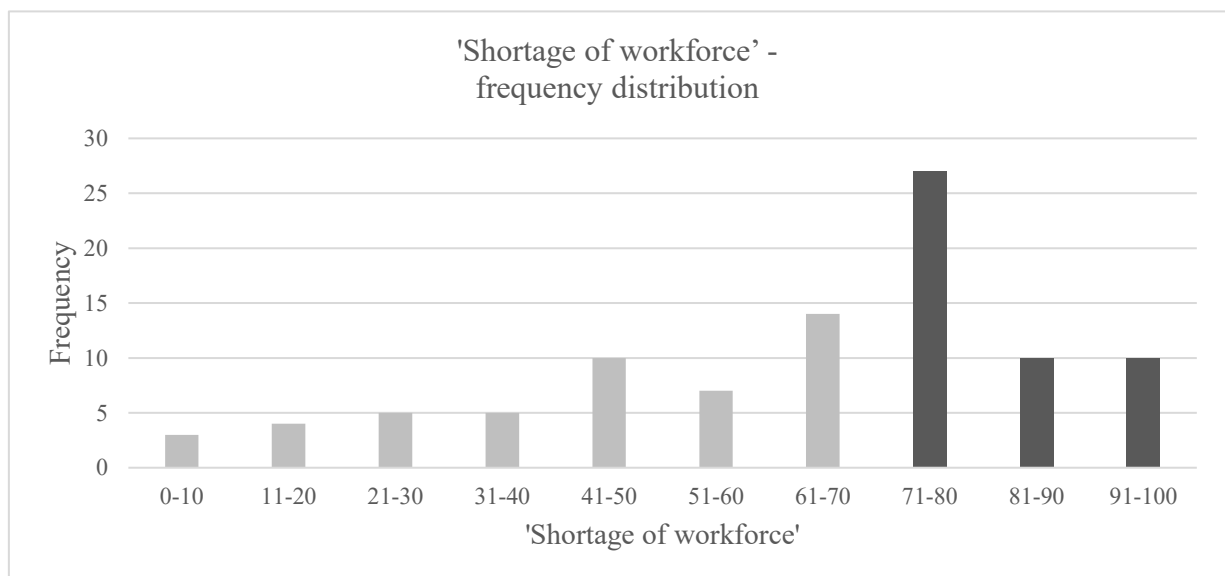
The question “To ease your company's shortage of skilled workforce, what kind of people would you recruit?” examined the talent pools that the companies are considering exploiting – does it include only native Finnish people, people who are already in Finland or foreign employees from EU or anywhere in the world. As seen in Figure 9, three most popular



**Figure 9.** Frequency distribution for the variable ‘To ease your company's shortage of skilled workforce, what kind of people would you recruit?’.

choices were ‘An expert from anywhere in the world’ ( $N = 56$ ), ‘Expert from the EU area’ ( $N = 60$ ), and ‘Non-Finnish expert living in Finland’ ( $N = 62$ ). And in fact, when taking a closer look at the responses, from the 10 respondents that chose “a Finnish person only”, 6 also chose another option(s), and only 4 respondents chose solely “a Finnish person only”.

Next, I examined which talent pools the companies who are in most urgent need of skilled workforce use. To do this, I transformed the continuous variable ‘Shortage of workforce’ into categorical form and selected the companies that were in the range of 71-100 (see Figure 10). In this category there were 44 of the total of 84 companies, so more than half of all respondents were in urgent need of skilled workforce. Next, I performed a crosstabulation to view, which are the prospective talent pools that the companies consider for alleviating their workforce shortage (see Table 8). It can be seen from the crosstabulations that companies in urgent need for skilled workforce, consider a wide range of talent pools. Of the companies in urgent need of workforce, 83 % were ready to recruit a non-Finnish expert living in Finland, and 73 % an expert living anywhere in the world.



**Figure 10.** The frequency distribution of the variable ‘Shortage of workforce’. The respondents that had chosen over 71 (dark grey bars) were considered to have an urgent need of skilled workforce.

The fact that these companies have recognized the global talent pool, does not mean that they have skills to access these talent pools and succeed in attracting the talent. As the results of this study show (Table 5), international company brand marketing to support international

recruitments is not applied ('International brand marketing: action',  $M = 57$ ), nor it is considered as a particularly important practice ('International brand marketing: importance',  $M = 61$ ). Indeed, out of the 45 companies that consider recruiting an expert from anywhere in the world, only 10 have recruitment partner(s) abroad, and 14 have recruitment partner(s) in Finland. Additionally, only 25 % of the companies use public employment agencies, and 30 % of the companies use international partner networks when searching for new employees

**Table 8.** Crosstabulation – respondents of the variable 'Shortage of workforce' in the range 71-100 in relation to the talent pools that the companies consider.

|   | <i>'Shortage of workforce' – urgent need (N = 41)</i> |              |               | <i>Total percentile</i> |
|---|---|--------------|---------------|-------------------------|
|   | 71-80 (N= 25)   | 81-90 (N= 9) | 90-100 (N=10) |                         |
| Non-Finnish expert living in Finland                | 18 (72 %)   | 9 (100 %)    | 7 (7 %)       | 83 %                    |
| Expert from the EU area                             | 19 (76 %)   | 7 (78 %)     | 6 (6 %)       | 78 %                    |
| An expert from anywhere in the world                | 19 (76 %)   | 5 (56 %)     | 6 (6 %)       | 73 %                    |
| Someone that has a good command of Finnish language | 12 (48 %)   | 3 (33 %)     | 1 (1 %)       | 39 %                    |
| A Finnish person only                               | 1 (4 %)   | 1 (11 %)     | 2 (2 %)       | 10 %                    |

(see Appendix 6). Yet another finding which indicates that access to a wider talent is lacking, is that of the companies that did not yet have a foreign employee 35 % responded that it was because a suitable person has not been found. I claim that if a company would have access to global talent pool, a suitable person would be found.

#### 4.3.2. Practices for managing foreign employees

In the *Talent Boost Index*, there were several questions considering practices that companies may implement to manage workforce diversity. These included practices for integration of the employee, such as practices for supporting the settling in (see Figure 11).

When asked from the companies which already have a foreign employee 'How does your company support the new foreign employee?', 8 of 33 of the companies (24 %) did not offer



**Figure 11.** Frequency distribution for the question ‘How does your company support the new foreign employee?’.

any supporting activities to ease the settling in of the foreign employee. 19 of 33 companies (58 %), offered support in personal residence permit process, which was the choice that got the highest frequency of responses. 12 of 33 (36 %) offered basic settling in services, such as finding accommodation and opening a bank account. I will return to examining the practices in section 4.3.4.

### 4.3.3. Language

There were several multiple-choice questions about language related topics in the *Talent Boost Index*. These considered languages used for serving customers, language of published open position postings, and reasoning for choosing a non-domestic language, the language used on communication, and language(s) used for communicating key work instructions. Also, the opportunity to learn Finnish at work, and whether language restricts a company

from hiring a foreign employee were inquired (for details of language related questions, see Appendix 6). Here, I have chosen the results that are most relevant for this study.

When examining the question ‘The language used on communication and i.e. guidance’ in relation to subgroups ‘Foreign employee(s) versus no foreign employee(s)’ and business sectors ‘ICT and software’, ‘Consulting and other business services’, and ‘Other industries’, no considerable differences were detected (for more information on subgroup division, see section 4.3.). Only 26 % of the companies that did not yet have a foreign employee always used Finnish as their company language (Table 9). However, when it was inquired why these companies did not yet have a foreign employee, 7 out of 23 (30 %) responded that it was due to language skills of the work community (see Appendix 6).

**Table 9.** Crosstabulation – the question ‘The language used on communication and i.e. guidance’ in relation to subgroups ‘Foreign employee(s) versus no foreign employee(s)’ and business sectors ‘ICT and software’, ‘Consulting and other business services’, and ‘Other industries’.

| <i>Company language</i>   | <i>Foreign employee(s)</i>         |                                 | <i>Industry</i>              |  |                              |
|---|------------------------------------|---------------------------------|------------------------------|--|------------------------------|
|   | No foreign employee(s)<br>(N = 19) | Foreign employee(s)<br>(N = 28) | ICT and software<br>(N = 12) | Consulting and other business services<br>(N = 11) | Other industries<br>(N = 26) |
| Depends on who is present; if there even one speaker of non-domestic languages, the language is English | 13 (69 %)                          | 17 (60 %)                       | 8 (66 %)                     | 8 (73 %)   | 14 (53 %)                    |
| Always Finnish  | 5 (26 %)                           | 3 (11 %)                        | 2 (17 %)                     | 1 (9 %)  | 5 (19 %)                     |
| Finnish or Swedish  | 0 (0 %)                            | 3 (11 %)                        | 0 (0 %)                      | 0 (0 %)  | 4 (15 %)                     |
| Always English or other foreign language  | 1 (5 %)                            | 5 (18 %)                        | 2 (17 %)                     | 2 (18 %)   | 3 (12 %)                     |

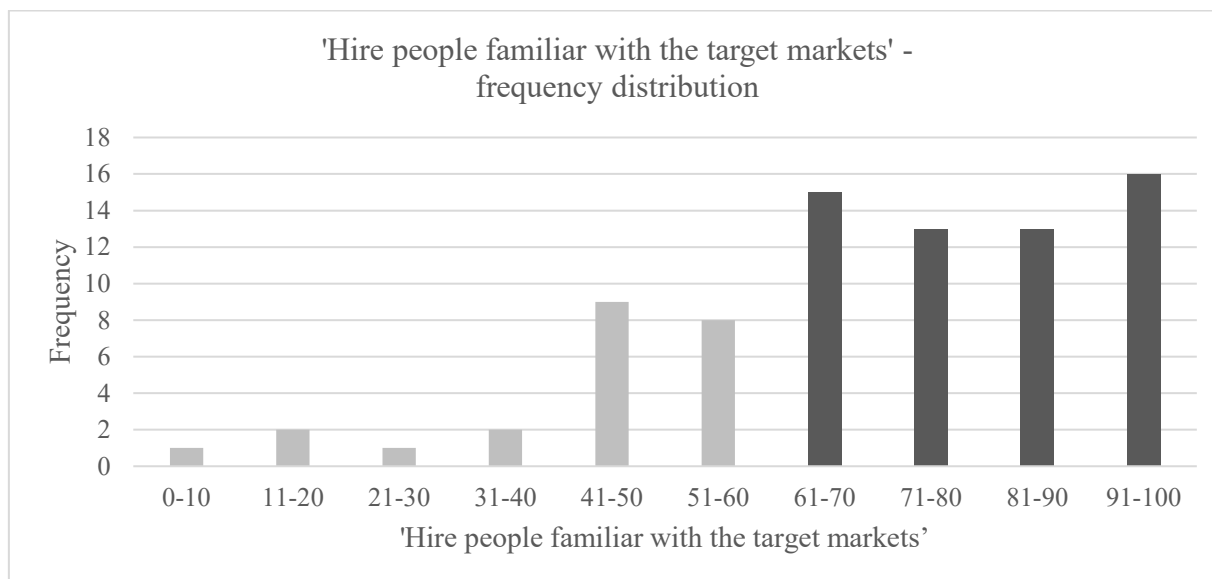
To examine the question ‘We serve our customers in the following languages’ in relation to subgroup ‘Foreign employee(s) versus no foreign employee(s)’, a crosstabulation was performed (Table 10). In the case of languages commonly used in Finland, or commonly taught in school (Finnish, Swedish and English), there was no clear difference whether the companies had foreign employees or not. However, when examining the more rarely used

and taught languages (German, Russian and Chinese), differences were found. Particularly, all the companies that served their customers in Chinese, had a foreign employee.

**Table 10.** Crosstabulation – the question ‘We serve our customers in the following languages’ in relation to subgroup ‘Foreign employee(s) versus no foreign employee(s)’.

|                                 | <i>Languages used to serve customers:</i> |         |         |        |         |         |
|---------------------------------|---|---------|---------|--------|---------|---------|
|                                 | Finnish                                   | Swedish | English | German | Russian | Chinese |
| No foreign employee(s) (N = 22) | 91 %                                      | 59 %    | 95 %    | 5 %    | 14 %    | 0 %     |
| Foreign employee(s) (N = 34)    | 85 %                                      | 59 %    | 87 %    | 18 %   | 26 %    | 33 %    |

Next, I investigated the relationship between language of job advertisements and the companies’ appreciation of candidates’ target market knowledge. Most companies of the study publish their open positions in English (68 %) and in Finnish (70 %), and only few in Swedish (13 %) and even fewer in other languages (5 %) (see Appendix 6). Then, I examined whether the companies that appreciate target market knowledge of the candidates publish their open positions in English. To do this, I transformed the continuous variable ‘Hire people familiar with the target markets’, ( $M = 70$ ) into categorical form and selected the companies that were in the range of 61-100 (see Figure 12). It was found that 70 % of



**Figure 12.** The frequency distribution of the variable ‘Hire people familiar with the target markets’. The respondents that had chosen over 61 (dark grey bars) were considered to value target market knowledge of the candidates.

the companies that appreciate target market knowledge publish positions in English, and 30 % do not.

#### **4.4. Comparison of subgroups**

In this chapter I will present the results for comparison between subgroups. The tests used were the independent t-test and the Mann-Whitney (*U*) test. In addition, crosstabulation was used to explore the data.

##### **4.4.1. Formation of subgroups**

The sample was divided into subgroups to examine whether there are differences between the subgroups. The formation of subgroups was influenced by the questions presented in the survey and the frequency distributions of relevant categorical variables (Holbrook, 2008). In some cases, formulating groups was not possible because frequencies of variables were too low. The possible characteristics for distinguishing subgroups were the demographics of a company (location, industry, business turnover and number of employees) and two survey questions, that also acted as trigger questions in the survey. These questions were whether the company already had a foreign employee(s), and whether the foreign employee(s) had been recruited from abroad or domestically.

Hence, the subgroups of the study are divided based on: a) location of the office, b) industry, c) business turnover, and number of employees, d) whether the company already has a foreign employee(s), and e) whether the employee(s) had been recruited from abroad.

##### *a) Location of the office*

Comparison between each region was not reasonable, as some regions had only few respondents. Hence, I decided to create a grouping based on the multiculturalism of the region using cartographic information to view the percentage of migrants in each region, and to investigate whether the diversity of social environment affects the results. In the region of Uusimaa 14.2 % of the population were migrants (Statistics Finland, 2019). Only Ahvenanmaa region had a larger percentage (15.9 %) of migrants, but the survey data did not have any respondents from this region. After Uusimaa the percentile of migrants decreased notably – in Varsinais-Suomi, number



third in the share of migrant population, the share was only 7.7 %. Therefore, I decided to use solely Uusimaa to represent a region where the environment is multicultural. Consequently, in group 1 there is Uusimaa and in group 2 all the other regions. Another justification for this choice is that Uusimaa is the capital region, where majority of the listed corporations of Finland operate (Hämäläinen, 2017). Hence, Uusimaa has the most external diversity (diversity of clients and the social environment) to offer in Finland.

b) *Industry*

Comparison between each industry was not reasonable, as some industries had only a few respondents. Therefore, the grouping was made as follows. ‘ICT and software’ sector was selected as one group because of ICT sector’s global nature (Nummela et al., 2004), and because it had most respondents. The second group was ‘Consulting and other business services’, because it had the second most respondents, and was consequently large enough to make reasonable comparisons. The third group was a combination of all the other sectors (architectural and engineering services, energy and environmental management, real estate and construction, transportation, logistics and storage services, hospitality industry, marketing and communications, financial sector, social services and health care, industry, whole sale and retail trade, research and development, and other industries that were not specified by the respondents).

c) *Number of employees and business turnover*

As above, the grouping had to be done so, that both groups had large enough sample size to run the tests, and comparing the groups is reasonable. Hence, two variations of subgroups were created: (1) companies that had 1-19 employees and companies that had 20 or more employees, (2) companies that had 1-49 employees and companies that had 50 or more employees. For the same reason, the division of business turnover subgroups was: the turnover is less than 10 M €, and the turnover is 10 M € or more.

d) *Foreign employee(s) versus no foreign employee(s)*

In the *Talent Boost Index* the respondents had the possibility to choose whether they had a foreign employee or not, which was used as a determinant of grouping, to

investigate whether any significant differences existed between the companies that had a foreign employee and companies that did not yet have a foreign employee.

e) *A foreign employee recruited from Finland versus from abroad*

Similarly as above, the *Talent Boost Index* had a question where the respondents that already had a foreign employee could choose, whether the employee was recruited from Finland or abroad, and it was used as a determinant factor in this study.

#### **4.4.2. Location of the office**

To examine whether the location of the office has an impact on the continuous variables, the t-test and the Mann-Whitney (*U*) test were used. The grouping of the locations was as follows: group 1 equals Uusimaa and represents an environment that is more multicultural than group 2, where all other regions grouped. The location of the office did not have significant influence on the continuous variables with either tests.

#### **4.4.3. Industry**

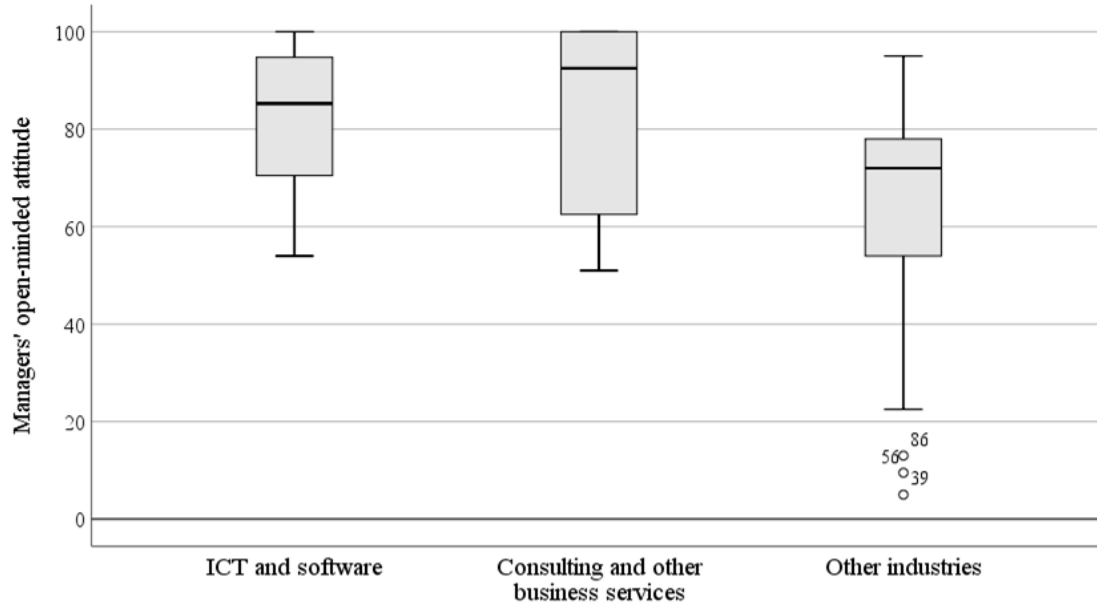
The Kruskal-Wallis test (*H*) was applied to compare the groups (1) 'ICT and software', (2) 'Consulting and other business services', and (3) 'Other industries. 12 of the 29 continuous variables were significantly affected by the business sector of the company ( $p < 0.05$ ), and the results that were most relevant for this study are presented in Table 11 (for the descriptive statistics and the significances of all variables, see Appendices 7 and 8, respectively). When comparing the motivation to recruit foreign employees with variables 'Hire people familiar with the target markets' and 'Diversity adds innovation', both 'ICT and software' ( $M = 80.36$  and  $80.07$ , respectively) and 'Consulting and other business services' ( $M = 70.44$  and  $85.36$ , respectively) sectors were more advanced than 'Other industries' ( $M = 63.73$  and  $70.25$ ,  $H(3) = 7.97$  and  $9.54$ , respectively,  $p < 0.05$ ). There was a great variance also in variable 'Plan to hire a foreign employee: action': 'ICT and software' ( $M = 87.69$ ) sector's scheme for recruiting was significantly higher than either 'Other industries' ( $M = 64.88$ ), and even more so when compared to 'Consulting and other business services' ( $M = 55.56$ ,  $H(3) = 11.13$ ,  $p < 0.05$ ).

**Table 11.** The Kruskal-Wallis statistics ( $H$ ) of the variables that were significantly ( $p < 0.5$ ) affected by the industry sector of the company. Instead of presenting mean ranks, arithmetic means are presented, since they are more descriptive.

|  |      | ICT and software | Consulting and other business services | Other industries | Total | Test statistics ( $H$ ) |
|--|------|------------------|--|------------------|-------|-------------------------|
| Hire people familiar with the target markets | N    | 14               | 16                                     | 43               | 73    | 7.97                    |
|  | Mean | 80.36            | 70.44                                  | 63.73            | 68.39 |                         |
| Diversity adds innovation                    | N    | 14               | 14                                     | 42               | 70    | 9.54                    |
|  | Mean | 80.07            | 85.36                                  | 70.25            | 75.24 |                         |
| Plan to hire a foreign employee: action      | N    | 13               | 16                                     | 40               | 69    | 11.13                   |
|  | Mean | 87.69            | 55.56                                  | 64.88            | 67.01 |                         |
| Prioritize competence: importance            | N    | 14               | 16                                     | 38               | 68    | 7.08                    |
|  | Mean | 85.43            | 71.69                                  | 68.76            | 72.88 |                         |
| International brand marketing: importance    | N    | 14               | 15                                     | 37               | 66    | 7.79                    |
|  | Mean | 74.57            | 60.27                                  | 53.03            | 59.24 |                         |
| Workplace is ready for multiculturalism      | N    | 6                | 6                                      | 11               | 23    | 13.10                   |
|  | Mean | 77.00            | 81.67                                  | 44.23            | 62.54 |                         |
| Offer equal opportunities: action            | N    | 11               | 13                                     | 25               | 49    | 6.85                    |
|  | Mean | 83.91            | 86.92                                  | 72.44            | 78.86 |                         |
| Encourage career advancement: importance     | N    | 6                | 7                                      | 15               | 28    | 7.34                    |
|  | Mean | 90.83            | 84.00                                  | 61.80            | 73.57 |                         |
| Managers open-minded attitude                | N    | 12               | 13                                     | 25               | 50    | 8.68                    |
|  | Mean | 81.92            | 83.04                                  | 62.82            | 72.66 |                         |

Though there was no significant difference between the sectors in relation to ‘International brand marketing: action’ ( $H(3) = 0.35$ ), significance was found in relation to ‘International brand marketing: importance’: ‘ICT and software’ ( $M = 74.57$ ) had highest appreciation of international brand marketing, followed by lower appreciation from ‘Consulting and other business services’ ( $M = 60.27$ ), and the least appreciation from ‘Other industries’ ( $M = 53.03$ ,  $H(3) = 7.79$ ,  $p < 0.05$ ). When investigating the importance of discrimination related variables ‘Prioritize competence: importance’, ‘Offer equal opportunities: action’, and ‘Encourage career advancement: importance’, again ‘ICT and software’ ( $M = 85.43$ ,  $83.91$ , and  $90.83$ , respectively) and ‘Consulting and other business services’ ( $M = 71.69$ ,  $86.92$  and  $84.00$ , respectively), were significantly more advanced than ‘Other industries’ ( $M = 68.76$ ,  $72.44$ , and  $61.80$ ,  $H(3) = 7.07$ ,  $6.85$ , and  $7.34$ , respectively,  $p < 0.05$ ).

The variable ‘Managers’ open-minded attitude’ was significantly affected by the business sector of the company (see Figure 13). The participants’ responses from ‘Consulting and other business services’ sector had the highest mean ( $M = 83.04$ ) when measuring open-



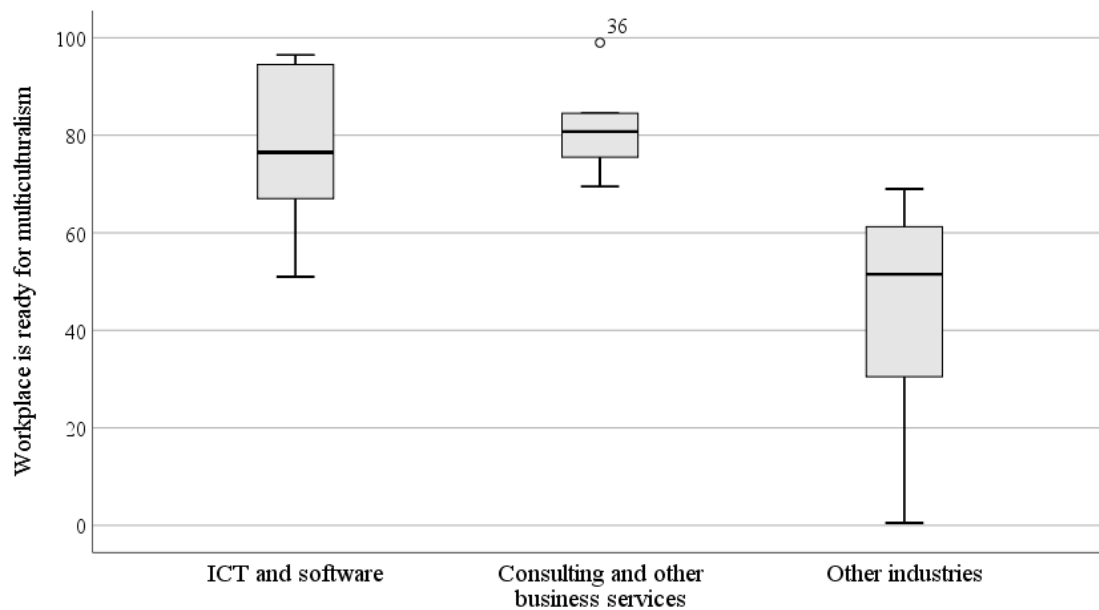
**Figure 13.** Boxplot graph for the effect on the industry of the companies for the variable ‘Managers’ open-minded attitude’. The values under the ‘Other industries’ boxplot are outlier values<sup>2</sup>.

minded attitude towards towards people from different cultural backgrounds followed by ‘ICT and software’ ( $M = 81.92$ ) sector, and ‘Other industries’ ( $M = 62.82$ ,  $H(3) = 8.68$  and  $9.54$ ,  $p < 0.05$ ). In addition, when the companies that did not yet have foreign employees were asked whether their ‘Workplace is ready for multiculturalism’, yet again ‘ICT and software’ ( $M = 77.00$ ) and ‘Consulting and other business services’ ( $M = 81.67$ ) gave a significantly higher estimation of their readiness than ‘Other industries’ ( $M = 44.23$ ,  $H(3) = 13.10$ ,  $p < 0.05$ ) (see Figure 14).

The sectors also had shared deficiencies as all the participant companies regardless of business sector scored lowed in two variables. These were ‘International brand marketing: action’ and ‘Identified the need for coaching’, and the statistics for these variables were for ‘ICT and software’ sector ( $M = 55.21$  and  $56.33$ , respectively), Consulting and other business services’

<sup>2</sup> Outliers are values that are left outside whiskers which show the top and bottom 25 % of the scores, and hence outliers are extreme scores on a variable.

( $M = 53.20$  and  $50.00$ , respectively) and for Other industries' ( $M = 57.22$  and  $53.46$ ,  $H(3) = 0.35$  and  $0.15$ ,  $p = 0.84$  and  $0.93$ , respectively).



**Figure 14.** Boxplot graph for the effect on the industry of the companies for the variable 'Workplace is ready for multiculturalism'. The values under the 'Other industries' boxplot are outlier values (see previous page).

#### 4.4.4. Number of employees and business turnover

When comparing companies that had 1-19 employees and companies that had 20 or more employees with the t-test and the Mann-Whitney test, only one significant difference between the groups was found in both tests. With Mann-Whitney statistics, the larger companies ( $M = 70.00$ ) found it more important to hire a foreign employee than smaller companies ( $M = 57.03$ ,  $U = 726.50$ ,  $Z = -2.00$ ,  $p = 0.046$ ) (see Figure 15).

Crosstabulation on number of employees and business turnover in relation to supporting activities and orientation activities offered to foreign employees (see Tables 12 and 13) were explored even though significance could not be measured due to sample size limitations. The crosstabulation shows however, that supporting activities are not offered evenly between smaller (number of employees 1-49, and business turnover less than 10 M €) and larger companies (number of employees 50 or more, and business turnover 10 M € or more), and hence it may be interpreted that the size of the company does affect the abundance of supporting activities the companies provide. For example, 80 % of larger companies



**Figure 15.** The Mann-Whitney test comparing companies that had 1-19 employees and companies that had 20 or more employees on variable ‘Plan to hire foreign employee, importance’.

**Table 12.** Crosstabulation – number of employees and business turnover in relation to supporting activities offered to foreign employees.

|  | Number of employees |            | Business turnover |                |
|--|---------------------|------------|-------------------|----------------|
|  | 1-49                | 50 or more | Less than 10 M €  | 10 M € or more |
| <i>Supporting activities</i>   | N = 16              | N = 15     | N = 19            | N = 12         |
| We support the employee in the personal residence permit process as well as in other matters related to settling to Finland                | 7 (44 %)            | 12 (80 %)  | 10 (53 %)         | 9 (75 %)       |
| We support the worker through settling in services (incl. finding accommodation, opening a bank account, daycare/school for children etc.) | 3 (19 %)            | 9 (60 %)   | 5 (26 %)          | 7 (58 %)       |
| Finnish culture training   | 5 (31 %)            | 7 (47 %)   | 6 (32 %)          | 6 (50 %)       |
| We support the employee's spouse in integration to the Finnish society (work, hobbies)   | 3 (19 %)            | 3 (20 %)   | 3 (16 %)          | 3 (25 %)       |
| Opportunity to learn and/or use Finnish at work  | 3 (19 %)            | 7 (47 %)   | 3 (16 %)          | 7 (58 %)       |
| Financial support package to help in settling into Finland   | 3 (19 %)            | 5 (33 %)   | 5 (26 %)          | 3 (25 %)       |
| We do not offer any special support to foreign employees   | 5 (31 %)            | 3 (20 %)   | 5 (26 %)          | 3 (25 %)       |

(number of employees) offer support in personal permit process, whereas only 44 % of the smaller companies offer this practice. Also, larger companies were notably more active in providing settling in services, culture training, and language courses. There were two activities that only few of either smaller or larger companies offered: financial support for settling in, and support for employee's spouse.

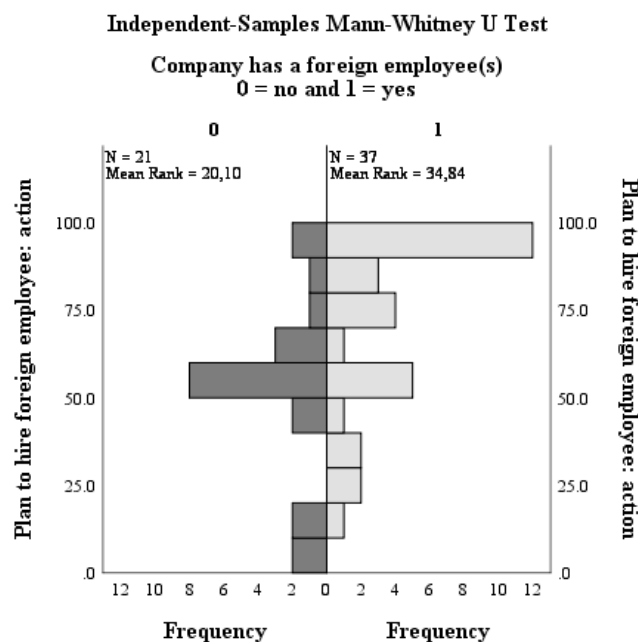
When examining orientation activities, the size of the company seemed to affect the quality of activities offered. Of all companies regardless of size, 28 answered the multiple-choice question 'Which option(s) best describes the current state of your organization in terms of orientation of foreign employees', and only 6 of them did not have any official guidance (see Appendix 6). However, just 9 companies monitored the orientation. Almost half of the smaller companies had given the responsibility of the orientation for individuals, whereas the majority of larger companies had a unified model for orientation. Additionally, only a quarter of smaller companies were monitoring the orientation whereas almost half of the larger companies did practice monitoring. Therefore, it may be interpreted that smaller companies offer more often unstructured orientation and are less active in monitoring the orientation than larger companies.

**Table 13.** Crosstabulation – number of employees and business turnover in relation to orientation activities offered to foreign employees.

|   | Number of employees |            | Business turnover |                |
|---|---------------------|------------|-------------------|----------------|
|   | 1-49                | 50 or more | Less than 10 M €  | 10 M € or more |
| <i>Orientation activities</i>   | N = 13              | N = 14     | N = 16            | N = 11         |
| We have no official guidance, the orientation is provided according to the situation.   | 3 (23 %)            | 3 (21 %)   | 4 (25 %)          | 2 (18 %)       |
| We have a general orientation guidance but each person responsible for the orientation conducts as they see fit.  | 6 (46 %)            | 4 (29 %)   | 7 (44 %)          | 3 (27 %)       |
| We have a unified model for orientation, and all the instructors act accordingly.   | 2 (15 %)            | 9 (64 %)   | 3 (19 %)          | 8 (73 %)       |
| We consider each person's situation and needs, i.e. special orientation needs of employees from other cultures.   | 5 (38 %)            | 8 (57 %)   | 6 (38 %)          | 7 (64 %)       |
| We monitor the success of our orientation systematically. Systematic monitoring means, for example, an orientation feedback survey or a personnel survey. | 3 (23 %)            | 6 (43 %)   | 4 (25 %)          | 5 (45 %)       |

#### 4.4.5. Foreign employee(s) versus no foreign employee(s)

When comparing the responses to continuous variables of companies that had a foreign employee ( $N = 39$ ) and companies that did not yet have one ( $N = 22$ ) with the independent t-test, significant differences were found in three variables. First, on average, participants who did not yet have a foreign employee were less likely to recruit one during the next year ( $M = 51.57$ ,  $SE = 5.71$ ), than the participants who already had a foreign employee ( $M = 76.19$ ,  $SE = 4.24$ ,  $t(56) = -3.42$ ,  $p = 0.001$ ). Second, participants who did not yet have a foreign employee were less likely to find recruiting a foreigner particularly important ( $M = 49.62$ ,  $SE = 4.68$ ), than the participants who already had a foreign employee ( $M = 71.89$ ,  $SE = 3.57$ ,  $t(56) = -3.77$ ,  $p = 0.000$ ). Third, participants who did not yet have a foreign employee were less likely to find it important to prioritize competence regardless of nationality. ( $M = 67.86$ ,  $SE = 4.87$ ), than the participants who already had a foreign employee ( $M = 80.00$ ,  $SE = 3.34$ ,  $t(55) = -2.12$ ,  $p = 0.039$ ). When comparing the subgroups with the Mann-Whitney test, the same three variables were significant. In Figure 16 the frequency distributions of both subgroups are shown in relation to variable ‘Plan to hire foreign employee: action’.



**Figure 16.** The Mann-Whitney test comparing companies that did not have a foreign employee(s) and companies that had a foreign employee(s) on variable ‘Plan to a hire foreign employee, action’.

#### 4.4.6. Foreign employee recruited from Finland versus from abroad

15 of the 39 companies that had a foreign employee(s), had recruited them from abroad.



This group was compared to the group that had recruited a foreign employee(s) only from Finland ( $N = 24$ ). Only the Mann-Whitney test could be used because the assumptions for the t-test were not met. Significant differences were found in two variables. First, participants who had recruited a foreign employee only from Finland ( $M = 70.57$ ) were less likely to recruit a foreigner during the next year, than companies that had recruited an employee abroad ( $M = 85.43$ ,  $U = 237.5$ ,  $Z = -2.45$ ,  $p = 0.015$ ). Second, participants who had recruited a foreign employee only from Finland ( $M = 64.39$ ) were also less likely to perceive that recruiting a foreigner during the next year is important, than companies that had recruited an employee abroad ( $M = 84.21$ ,  $U = 244$ ,  $Z = -1.03$ ,  $p = 0.009$ ).

## **5. Discussion**

### **5.1. Propositions**

In this chapter I will unpack the findings of this study, by scrutinizing them through the lens of the framework I proposed (Figure 3), and build up a series of propositions, that are connected to the factors presented in the framework. The propositions act as the dialogical outcomes of the empirical findings of this thesis and previous research.

#### **5.1.1. External diversity**

The relationship of the company and its *external diversity* – which includes diversity of clients and the social environment – is notable since it has been shown that the external diversity may influence the company, and vice versa (Almeida et al., 2015; Lähdesmäki & Suutari, 2020; Lämsä et al., 2019; Lundborg & Skedinger, 2016; Syed & Murray, 2009). It has been remarked that diverse social environment and diverse clientele, may positively affect the tolerance of a decision maker and lead to more diverse staff (Lähdesmäki & Suutari, 2020).

In this study, the multiculturalism of the location (diversity of social environment) did not have an impact on the companies' relationships with skilled migrants. When comparing the companies located in the most multicultural region of Finland, Uusimaa, to the rest of the regions which are notably less diverse, in relation to the continuous variables, no significant differences were found. I may note however, that the region of Uusimaa is large, and for

some communities the distance from capital area can be over 100 kilometres. Hence, a company that is situated in Uusimaa may be located in an area where the proportion of immigrants is lower than in the capital area, and respectively there is less cultural exposure. In previous literature it has been noted that a relationship between environment and organizations exists, yet this relationship is context specific, and functions in both directions. For example, by recruiting migrants, rural SMEs situated in ethnically homogenous areas may positively affect the social change of the environment (Lämsä et al., 2019), and may view themselves as “enablers of rural dynamism and cosmopolitanism” (Lähdesmäki & Suutari, 2020, p. 7). However, if conflicts between the majority group and minority group exist in the community, the conflicts may “produce attitudinal baggage [in an organizational setting] and, when this baggage is unpacked, community matters spill over into organizations” (Brief et al., 2005, p. 839). Such a phenomenon is more likely to occur in urban areas where there are larger minority groups. As a consequence, my preliminary assumption that multiculturalism of social environment would automatically lead to more tolerant and inclusive organizations was faulty. Nonetheless, I believe that it is necessary to consider the dynamics between social environments and companies when studying how SMEs regard foreign workforce. I argue, that as the impact of the social environment may be so varied, the role of the owner-manager is emphasized in SMEs, since the owner-managers may read the environment with selective attention guided by their attitudes: where some owner-managers see an opportunity in diversifying environment, some may experience it as a threat. Yet another factor affecting how the environment influences an organization is the societal balance of a given moment. Uncertain times may lead to protection and establishment of narrowed identity groups, though such times ask for adaption rather than protection (Heifetz & Linsky, 2017). This notion is particularly relevant in our contemporary times of pandemic and polarised political atmosphere.

The effect on the diversity of clients went beyond the scope of this study, and hence was not explored in detail. Still, it has been shown that the demographics of the clientele do affect diversity of employee demographics. Virta (2020) found a mutual causality between firm internationalization and international professionals when she studied the connections between international workforce diversity and firm internationalization – some companies recruited skilled migrants to proceed to international markets, and other companies which already had skilled migrants, used the knowledge of migrants when entering new foreign markets. The companies noted that one of the perks of skilled migrants is their cultural and

linguistic knowledge. Almeida et al. (2015) showed that companies who had mostly host-country clientele (Australian), were specifically concerned of an immigrant candidate's non-Anglo name and attire, and lack of host country cultural knowledge. According to the findings of these two studies, I posit that the demographics of clientele may either encourage or hinder the recruitment of skilled migrants.

*Proposition 1a:* The relationship between SMEs' perspective of skilled migrants and the social environment is context specific and is influenced by a myriad of factors such as harmony of society, and selective attention of owner-managers.

*Proposition 1b:* Demographics of clientele may either encourage the recruitment of skilled migrants, if the clientele is diverse, or hinder it, if the clientele is a homogeneous representation of majority group members.

### **5.1.2. Organizational knowing-why**

*Organizational knowing-why* or need and motivations to recruit skilled migrants is guided by shortage of workforce (Kuusio et al., 2014; Lämsä et al., 2019), or organizational values, or both. These values can be either moral or economic (Lämsä et al., 2019; Zikic, 2015). Bocquet *et al.* (2019) have suggested that to capitalize on economic opportunities, guidance of both moral and economic values produce greatest results.

According to the findings of this study, organizational need and motivation for skilled workforce affected the companies' willingness to recruit foreign employees. The greatest predictor of intentions to recruit a foreign employee was shortage of workforce, as companies who suffered from greater shortage of skilled workforce were more likely to plan on recruiting a foreign employee. To examine the motivations further, it was investigated how employer's strategic understanding of the benefits of international diversity influences their willingness to recruit foreign employees. The company's appreciation of applicants' knowledge of target market and clients was almost as strong a predictor of recruitment plans as the shortage of workforce. It may be interpreted from the findings that companies who plan to internationalize, also recognize the importance of target market knowledge and therefore value skilled migrants as potential employees. This notion is

supported by a discovery of this study – all the participant companies that serve customers in Chinese language, have a foreign employee. Therefore, I may interpret that the language skills, and most probably cultural skills as well, of the foreign employee are used for serving international customers. The weakest significant predictor of companies' plans to recruit a foreign employee was the acknowledgement of innovation promoting qualities of diversity. In previous studies however, it has been found that “multicultural research and development (R&D) teams are emerging as competitive tools for both SMEs and MNEs” and that well-functioning multicultural teams are particularly important for SMEs since they may depend on “innovative-focused activities” (Arslan *et al.*, 2020, p. 1). Indeed, with few exceptions (Zikic, 2015) in previous literature, when addressing the strategic benefits of skilled migrants for an organization, considerably more emphasis has been given to migrants' innovation promoting qualities (Bocquet *et al.*, 2019; Winterheller & Hirt, 2017) than to their home country knowledge. Also, more attention has been given to skilled migrants' host country human, cultural and social capital (Syed & Murray, 2009; Winterheller & Hirt, 2017), rather than home country capital, when assessing the skills that affect the labor market outcomes of skilled migrants. From the findings of this study, it may be interpreted that such a focus has been distorted, at least when considering SMEs, since skilled migrants may fill the strategically pivotal positions by offering home country knowledge, as their home country may be an SMEs' target market (I will expand the discussion on pivotal positions in 5.1.3.).

*Proposition 2:* Employers value skilled migrants' host country human, social and cultural capital, and they also acknowledge the value of home country capital that skilled migrants possess, as it may provide competitive advantage when entering new markets.

### **5.1.3. Organizational knowing-how**

Attracting and acquiring skilled migrants depends on *organizational knowing-how* (Zikic, 2015). The knowing-how may include the recognition of skilled migrants' credentials, understanding the importance of width of the talent pool when seeking skilled migrants, and partnerships with actors such as local immigrant community agencies and professional associations.

In this study, the companies that were most urgently in need for skilled workforce, considered a wide range of talent pools, but had insufficient skills (knowing-how) to attract

and acquire skilled migrants (see 4.2.1.). Majority of the participant companies were willing to recruit employees from both local and global pool of skilled migrants. However, implementation of international brand marketing to attract skilled migrants received a relatively low score among the companies, who also lacked the willingness to implement such a practice as they did not find brand marketing particularly important. In addition, only few of the companies had international or domestic recruitment partners or collaborated with public employment agencies. The use of international partner networks was slightly more popular among the companies but was still rather low. Collings et al. (2019) posit that for a company to benefit from global talent pools, two stages should be considered before recruitment of global talent: recognizing pivotal positions and managing global talent pools. First, to recognize strategic positions, the companies are suggested to identify which knowledge, skills, abilities, motivations, and other characteristics the applicant should possess for the company to attain sustainable competitive advantage. These positions are not static but may fluctuate in time. Second, for the global talent pool to deliver high-potential and high-performing individuals, the talent pool must be strategically managed (Collings et al., 2019). The management of talent pools means development, deployment, orchestration, and identification of the talent pools which may provide applicants with skills that are aligned with the strategy of the company. Collings et al. (2019) developed these recommendations for MNEs but I find they are suitable for SMEs as well. Krishnan and Scullion (2017) suggest that the talent pool of SMEs should not be limited to high potentials, as SMEs have a more egalitarian culture. From my perspective, this suggestion is not justified, since SMEs may possess pivotal positions that require specific set of skills, such as a manager of new foreign market entry, as described above (see 5.1.2), or technical skills that are even globally scarce. However, I suggest that SMEs may not possess all the skills or resources for either recognizing the pivotal positions or managing the talent pools. Also, SMEs' structural forms and management processes are not as stable as in larger organizations (Krishnan & Scullion, 2017). Yet, SMEs are more informal than MNEs which is not solely a constraint but may also act as a competitive advantage for SMEs (Krishnan & Scullion, 2017).

The interpretation that SMEs may lack resources to manage a global talent pool is strengthened by a finding of this study: although the companies are willing to use the global pool of talent, only a minority of the companies who currently have a foreign employee, have recruited the employee(s) abroad, and instead have used the local talent pool of foreign

employees. Domestic recruitment of a foreign employee may save plenty of expenses, since the newly recruited employee most likely already has a personal residence permit, accommodation, and has even gained host country human, cultural and social capital, and hence does not need as intense support than a candidate from abroad. However, recruiting solely from the domestic pool of a small country like Finland substantially decreases the talent pool. I posit that recruiting from a local talent pool is not only caused by deficiency of resources, but also by deficiency of skills and by discrimination related issues. A locally integrated candidate may have gained host country credentials, like education from a local university or local work experience. Therefore, the credentials of such candidates are more easily recognized than those of the candidates that have international credentials (Albert et al., 2013). Failing to recognize credentials may also hinder the access to the global talent pool, as talent is simply not identified even if it would be available. Additionally, I suggest that as individuals tend to seek candidates that are similar to themselves (Almeida et al., 2015), a foreigner who is locally integrated may feel less intimidating than a foreigner from abroad.

*Proposition 3a:*        Though SMEs that seek skilled workforce view the global talent pool as a potential source of talent, they lack skills and resources to attract and acquire individuals from this pool.

*Proposition 3b:*        International recruitment of skilled migrants is more challenging than domestic recruitment of skilled migrants, due to resource constraints, deficiencies in credential recognition, and discrimination related issues.

#### **5.1.4. Language proficiencies**

Host country language proficiency of the migrant applicant impacts the migrant - employer relationship, due to business performance related issues (Clark & Drinkwater, 2008), such as customers' demands (Syed & Murray, 2009), but language proficiency also relates to (unintended) discrimination (Jacobs & Tillie, 2004; Kalonaityte, 2010; Winterheller & Hirt, 2017). Also, in companies that do not yet have English, or lingua franca, as their company language, it has been shown that switching the domestic company language into English may cause sociolinguistic issues, such as shadow structures (Marschan-Piekkari et al., 1999) and disempowerment of employees with less fluent English (Mortensen & Lønsmann, 2018).

Majority of the companies (68 %) published their open positions in English, which make them more available for skilled migrants, compared to if they were published only in the dominant language (Berman et al., 2003). Almost one third of the companies that did not yet have a foreign employee, responded that they had not recruited a foreign employee due to language skills of the work community, or the lack thereof. This finding supports the assumption I made earlier (2.4.1.) – the companies that do not yet have foreign employees may find that recruiting a foreigner is challenging since it would push the company to switch language to English. From my perspective, it is often unrealistically expected in the globalizing world that everyone is fluent in lingua franca, and such expectations may cause feelings of exclusion for those majority group members who do not have fluent English. To alleviate such feelings, Nurmi and Koroma (2020) suggest that *inclusiveness*, *empathy* and *acceptance* are the mechanisms that create a psychologically safe language climate for non-native lingua franca speakers. I believe these mechanisms would be equally beneficial for non-native dominant language (which is not English) speakers, such as skilled migrants who are learning Finnish.

*Proposition 4:* Whether a majority group member is learning lingua franca, or a skilled migrant is learning dominant language that is not English, mechanisms of inclusiveness, empathy and acceptance may be applied to avoid feeling of exclusion.

### **5.1.5. Practices for inclusion**

Practices that promote inclusion alleviate the issue of skill-underutilisation of skilled migrants. Inclusion promoting practices are aimed to support the integration of skilled migrants by building host country credentials, and human, cultural and social capital (Tharenou & Kulik, 2020). However, SMEs may have limited capability to invest in such practices (Bocquet et al., 2019; Krishnan & Scullion, 2017).

The findings of this study suggest that smaller companies had less supporting activities than larger companies (number of employees 50 or more, and business turnover 10 M € or more) (Table 12). The activities that were more often provided by larger companies were support in personal permit process, settling in services, culture training, and language courses. Both smaller and larger companies were lacking in offering financial support for settling in, and support for employee's spouse. Also, smaller companies offered more often unstructured

orientation and were less active in monitoring the orientation than larger companies (Table 13). To me, it would be unsurprising if executing an extensive list of practices for progressing diversity and inclusion is an overwhelming task for SMEs, and especially for very small companies, particularly because the economic benefits of such efforts and investments are not always apparent. Unfortunately, as Carstens and De Kock (2017, p. 2109) note, “the business case for diversity is often easier justified through rhetoric, rather than with empirical evidence”. In addition, scalability of practices is more attainable in MNEs, resulting in reduced expense invested per individual employee.

Another finding of this study is that the investments to employee’s credentials, and human, cultural and social capital, come as a bundle of investments – if a company invests in the relationship-building of skilled migrants, or social capital, it most likely invests in credential, human and cultural capital building as well (see Table 6 and Figure 5). Such investments reduce the pressure on skilled migrants “to build capital themselves by changing employers” (Tharenou and Kulik, 2020, p. 14). To me, this indicates that some companies are particularly aware of multiple ways to support skilled migrants and acknowledge the additional investments that skilled migrants require compared to local employees. On the contrary, other companies may either lack the awareness of such requirements or resources to implement such practices.

Though going beyond the scope of the empirical part of this study, in addition to practices that aim to accumulate host country capital of skilled migrants (for example language and culture courses), Tharenou and Kulik (2020) propose that companies may adopt identity-conscious practices that exhibit appreciation of the existing capital of migrants, like inviting skilled migrants to share best practices of their home country. Introducing such practices indicates to skilled migrants that their uniqueness is appreciated simultaneously as they are accepted as the members of the group, which is according to Shore *et al.* (2011), an essential part when creating a climate of inclusion.

*Proposition 5a:* SMEs are more likely to be motivated to invest in HRM practices, if the skilled migrant is recruited for a strategically pivotal position, and hence, the recruitment is likely to result in a competitive advantage.



*Proposition 5b:* Practices that promote both belongingness to the group, and practices that indicate the appreciation of uniqueness of skilled migrants are needed to create a climate of inclusion.

#### **5.1.6. Inclusive leadership skills**

Leaders have an essential role in the creation of inclusive climate (Tharenou & Kulik, 2020), but inclusive leadership needs an extra effort from leaders, and therefore training may be offered to support the learning of inclusive leadership (Boekhorst, 2015; Randel et al., 2018).

The empirical findings of this study suggest that if a company does not value the practice of training to lead a multicultural work community, it will neither value anti-discrimination measures. In this study these measures were: to support in networking, to discuss aspects of multiculturalism, to offer equal opportunities, and to encourage career advancement (Table 7). On average, the companies had not yet implemented the practice of training ('Coaching for managers: action',  $M = 46$ ), and consequently the companies may be roughly divided into two groups: (1) companies that have recognized the value of both training and anti-discrimination activities but do not offer training, and (2) companies that have not recognized the value of training nor anti-discrimination activities, and do not offer training. Hence, I argue that the first group may lack resources to organize training, but if an accessible opportunity for training would arise, the companies would eagerly seize that opportunity.

The second group, however, might be reluctant to take such opportunity, even though this group is particularly in need of training as they fail to appreciate activities that promote equal treatment and inclusion. Commitment of decision makers is a necessity since "improving organizational performance requires leadership which is dedicated to fostering inclusion" (Sabharwal, 2014, p. 211). To motivate the decision makers of the second group, I suggest that the findings of Mayer et al. (2019) can be applied – when selling social issues, referring to the company values may be a successful strategy. This is because moral language has shown to resonate with managers better than economic language, when they are sold a social issue which requires allocation of resources. The moral language is especially effective when the moral language is connected to the company values. Therefore, I suggest that if the company has values related to CSR or equality, by appealing to these values, the importance of training may be advanced. This may be particularly powerful in the SME context, as the

role of owner-managers on formation of company values is notable. Quinn (1997) found that personal values influence owner-managers' attitudes to ethically sensitive business matters, and further on, owner-managers have autonomy in reflecting individual values in decision-making of the organization (Lämsä et al., 2019). By aligning values and behavior, the "cognitive dissonance" is corrected (Dobbin & Kalev, 2016), which may give relief to the owner-managers. From the findings of this study, it may be interpreted that the awareness of economic benefits of international diversity causes attitudinal changes as well, as a strong correlation was found between the recognition that diversity adds innovation and the perception of managers' open-mindedness (Figure 6). Additionally, I posit that if a company has incorporated global mindset to its values, that may motivate the company to develop skills required to manage skilled migrants. Hence, there are a plethora of both moral and economic values, such as social responsibility, innovativeness and global culture, that may promote the company to leverage on international talent.

It has been claimed that "it is hard to beat bias out of individuals – easier to root it out of systems" suggesting that changing the process is more productive than reducing bias with training (Economist, 2019). From my perspective, training is important specifically in SMEs since they may lack structured practices and processes, and because in a small organization 'beating bias out of individuals' may indeed be achievable. Additionally, it has been found that many practices that aim at avoiding bias fail (Dobbin & Kalev, 2016). Such inoperative practices include hiring tests, performance ratings and grievance procedures.

*Proposition 6a:* SMEs may lack resources to organize diversity and inclusion training, although SMEs would be willing to attain such training.

*Proposition 6b:* SMEs that have included responsibility or equality in their value set but who undervalue the need for inclusive leadership training, may be motivated to leverage training by appealing to the company values.

### **5.1.7. Industry knowledge-intensity**

An intriguing finding of this study was that the industry sector of the SMEs had a significant influence on how advanced the companies were in diversity related issues. Both 'ICT and software' and 'Consulting and other business services' were more advanced than 'Other

industries' in multiple factors, that may be seen as determinants of companies' readiness to manage skilled migrants. These factors included measures that reduce discrimination and enable companies to fully benefit from the competencies of the skilled migrants, such as offering equal opportunities for all, and acknowledging the importance of prioritizing competence over nationality and encouraging career advancement (Table 11). Both 'ICT and software' and 'Consulting and other business services' are knowledge-intensive industries which means that "qualified employees form a major part of the work force and engage in mainly 'intellectual work'" (Del Giudice, Carayannis and Maggioni, 2017, p. 230). The 'Other industries' of this study included some knowledge-intensive industries but also many labor-intensive industries, such as social services and healthcare, hospitality, industry (manufacturing), and real estate and construction sectors (for full list, see Appendix 2).

In Finland, migrant employees are relatively most often employed as cleaners and domestic help, and assistant kitchen employees (Nieminen et al., 2015). These are positions in labor-intensive industries and require less skills than management positions. I suggest that the companies which have recruited migrants in positions that do not require high skill sets may not promote foreign employees to executive positions, since the foreign employees are not seen as equal professionals. In contrast, as knowledge-intensive companies may have solely positions, that require high skills sets, the migrants that are recruited, are fundamentally seen as skilled professionals that may occupy top management positions. Knowledge-intensive companies may also possess global mindset (Nummela *et al.*, 2004) which may appear as a recognition of international talent. These remarks can be detected from the findings of this study, as 'Other industries' ( $M = 61.80$ ) perceived encouraging career advancement of foreign employees significantly less important than 'ICT and software' ( $M = 90.83$ ) and 'Consulting and other business services' ( $M = 84.00$ ). By not pursuing equal career advancement of foreign employees, the companies may not only indulge in discrimination, but also loose opportunities for better business performance. When investigating 7615 companies in the London area, Egan *et al.* (2013) found that the diversity of management team had a positive impact on innovativeness of both knowledge-intensive and less knowledge-intensive business sectors, and the internationalization level of the companies. Drawing from the upper echelons theory, where the demographic characteristics of top management influence the organizational outcome, Nielsen and Nielsen (2013) showed that diverse nationality of managers affected firm performance and firm internationalization positively.

*Proposition 7a:* Career progression of migrants is less difficult in knowledge-intensive companies than in labor-intensive companies.

*Proposition 7b* Both knowledge-intensive and labor-intensive companies benefit from international diversity of top management.

## 5.2. Refined framework

In Figure 17 a refined version of the framework ‘Management and leadership of skilled migrants in SMEs’ is presented in Figure 17, where the *Industry knowledge-intensity* was added as a factor that influences management and leadership of skilled migrants in SMEs.

**Management and leadership of skilled migrants in SMEs**

| Pre-organizational entry  | FACTORS                             | Post-organizational entry  |
|---|-------------------------------------|--|
| Influence of the external diversity to companies’ legitimization and values           | <i>External diversity</i>           | Effect on the social environment, such as on other employers           |
| Impact on whether the skilled migrants are recruited to management positions          | <i>Industry knowledge-intensity</i> | Impact the career development of skilled migrants                      |
| Motivations to recruit skilled migrants may be guided by moral and/or economic values | <i>Organizational knowing-why</i>   | Motivations to harness the benefits of diversity                       |
| Capabilities to attract and acquire skilled migrants, such talent pools at use        | <i>Organizational knowing-how</i>   | Know-how to leverage skilled migrants’ unique skill sets               |
| Language policy of the company, domestic vs. lingua franca                            | <i>Language proficiencies</i>       | Language courses offered by the employer                               |
| Practices to avoid skill-underutilisation, such as foreign credential recognition     | <i>Practices for diversity</i>      | Practices to build credentials, and human, cultural and social capital |
| Creation of all-inclusive culture   | <i>Inclusive leadership skills</i>  | Diversity training for leaders   |

**Figure 17.** The refined framework of ‘Management and leadership of skilled migrants in SMEs’.

This factor was included, since it was found in this study that the industry of the company significantly affected several variables.

## **6. Practical implications**

The findings and propositions of this study have several implications for practice. These implications aim at capitalizing international diversities in SMEs. The implications are divided into two groups: 1) recommended managerial activities for SMEs, and 2) practical implications targeted for organizations supporting SMEs. The activities in group 1 are intended to guide SMEs in their journey towards a diverse and thriving organization. The implications in the group 2 are intended to public organizations and programs, in this case particularly to the Talent Boost ecosystem, for them to support SMEs on their journey. The Talent Boost ecosystem comprises of several public organizations including Business Finland, the Chambers of Commerce, TE services and so on.

The two groups are further divided into implications that are targeted for pre- and post-organizational entry phases. The pre-organizational entry phase refers to time before a foreign employee is recruited and therefore the activities targeted to this phase prepare the company to successfully recruit a suitable foreign employee. The post-organizational entry phase refers to time after a foreign employee has been recruited and hence the activities targeted to this phase guide the companies to integrate and lead foreign employees. However, all listed activities may be explored and implemented in either phase to progress workforce that is diverse, content and high performing.

### **6.1. Recommended managerial activities for SMEs**

The recommended managerial activities for SMEs (see Figure 18) are formulated from the findings, propositions and previous literature reviewed in this thesis (Collings et al., 2019; Nurmi & Koroma, 2020; Shore et al., 2011; Tharenou & Kulik, 2020; Zikic, 2015). The recommended activities also include the recommendations that are given in the *Talent Boost Index* (Talent Boost Index, 2020) for the companies that completed the survey. Though focus here is management and leadership of foreign employees, I must note that local employees

may be involved in the activities and simultaneously included, to create an all-inclusive climate where all employees feel valued.

### **6.1.1. Pre-organizational entry phase**

#### **Clarify your motivations**

*Clarify the motivations of your organization to recruit a foreign employee* to build a commitment of leadership. The commitment of leadership will curate your organization to fully benefit from the potential of international diversity. Both economic and moral values may guide companies to recruit foreign employees but gathering such diversity does not automatically convert into competitive advantage of the company. This is because foreign employees may be managed and lead in a manner, that discrimination and skill-underutilisation can be avoided, and that the foreign employees are retained in the company. Hence, it is suggested to commit not solely to acquiring diverse workforce, but also to developing the acquired diverse workforce to capitalize the diversity.

#### **Identify pivotal positions**

*Identify pivotal positions* to match the position with a foreign employee who possesses task appropriate skills. Foreign employees may have distinctive career capital that may progress the performance of the company. This career capital may entail technical skills that are domestically scarce, and target market knowledge, like language skills and cultural understanding. Therefore, the possible benefits from recruiting a foreign employee are more potentially acquired if the strategic positions are recognized. After the identification of the pivotal positions, the company may consider how to access the talent pool that may deliver individuals with required skills for pivotal positions. Next, I will discuss how the access may be promoted by reaching out to public actors, and in section 6.2.1. I will discuss how companies may be supported in managing talent pools.

#### **Reach out to partnerships**

*Reach out to partnerships with local public actors* to access local and global talent pools of foreign employees to recruit a suitable candidate. In Finland there is already a vast local talent pool that consists of people with foreign backgrounds. For example, there are several international students in Finnish universities who seek to gain local work experience.

### **Map out language preparedness**

*Map out the preparedness of current employees to communicate in English.* The mapping out is needed to explore if the employees experience that their language skills are sufficient to share knowledge and communicate in English language. When a company is planning to recruit a foreign employee, current employees may feel language-related stress, as the foreign employee may not have host country language proficiency. To ease this stress, I suggest that the effects of recruiting a foreign employee may have on the company may be discussed. If the current employees experience that their English language proficiency is not on a level that would allow them to communicate fluently, two steps can be made. First, psychologically safe language climate may be created, which is discussed in the next section. Second, language courses of may be provided which is discussed further in section 6.2.1.

### **6.1.2 Post-organizational entry phase**

#### **Create a safe language climate**

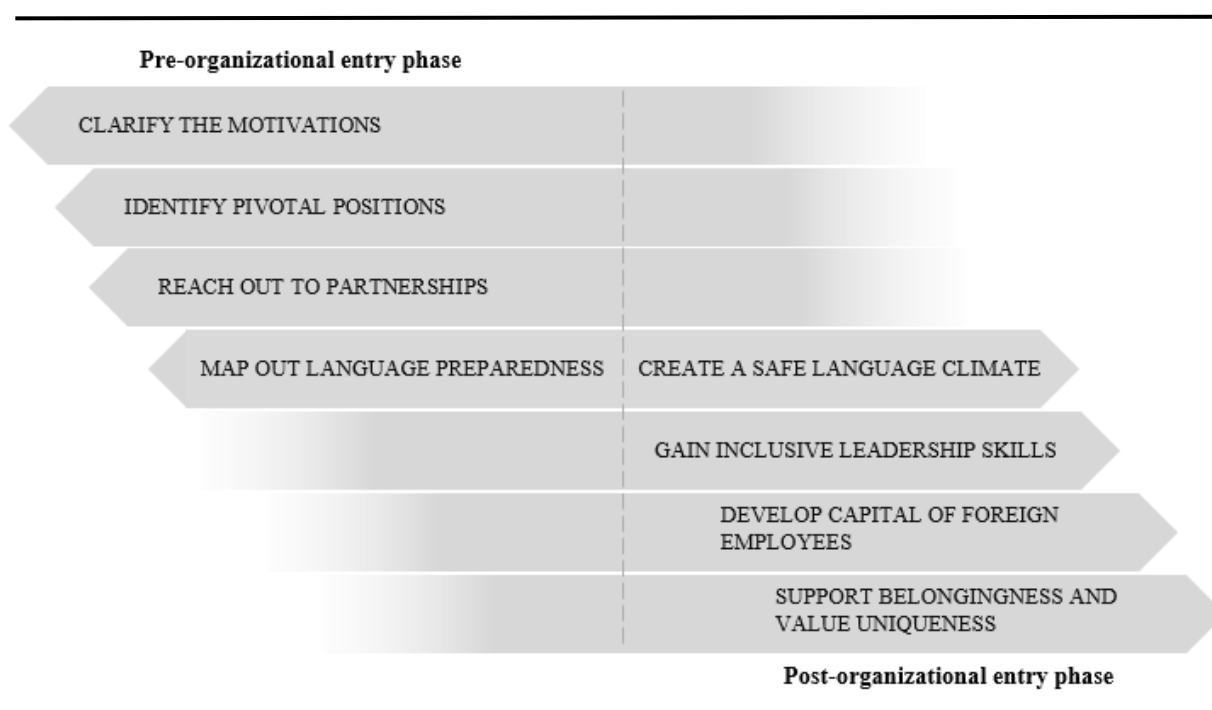
*Create a psychologically safe language climate* to ease language-related stress that may originate from deficient language skills. A psychologically safe language climate benefits all employees who must communicate in a non-native language and particularly those who may feel that their language skills are deficient. Therefore, both majority group members communicating in non-fluent English, and minority group members communicating in non-fluent host country language profit from the psychologically safe language climate. The mechanisms for safe language climate are: inclusiveness (involve all individuals regardless of their language proficiency), empathy (demonstrate empathy for those who must work in non-native language) and acceptance (accept language related errors to enhance conformity to share knowledge).

#### **Gain inclusive leadership skills**

*Seek assistance for gaining inclusive leadership skills* that are needed to manage and lead foreign employees. It is probable that your organization has values, like innovativeness, transparency, or equality, that inspire you to recruit, manage and lead diverse workforce in an esteemed manner. However, living up to such standards is easier said than done since we are all biased, even if we claim that the nationality, gender, or other demographic features of employees does not affect our treatment of an individual. Therefore, a humble and empathetic attitude is needed when converging minorities. Also, willingness to confront personal biases and learn new skills is essential to create a diverse and thriving enterprise.

## Develop capital of foreign employees

*Seek ways to develop human, cultural and social capital of foreign employees to leverage and retain international diversity. Foreign employees may feel that they need to change organizations to increase their host country credentials. However, if foreign employees feel that they may gain human capital (for example, receive tasks at skill-accredited level, and learn host country language), cultural capital (learn the ways of the local society), and social capital (receive facilitation in developing local networks and relationships), they may not feel pressure to change organization to gain such capital. Therefore, to retain foreign employees, opportunities for development may be offered, like Finnish language courses.*



**Figure 18.** Recommended managerial activities for SMEs for capitalizing on international diversity.

## Support belongingness and value uniqueness

*Support belongingness and value uniqueness of foreign employees and local employees to promote climate of inclusion. Individuals have needs to feel belongingness to a group but simultaneously feel appreciated for their uniqueness. Therefore, it is suggested that managers are aware of these needs and take them into account when adopting strategic practices to promote inclusion. To promote belongingness and facilitate relationship building, activities that ignore employee demographics may be used, like meriting technical skills. In addition, activities indicating that foreign employees are valued for their uniqueness may be adopted,*



such as encouraging foreign employees to use their home country cultural knowledge if entering their home country market. Though focus here is leadership of foreign employees, it may be noted that local employees should be engaged and included in the activities, to create an all-inclusive climate where all employees feel valued, and no-one feels excluded.

## **6.2. Practical implications targeted for organizations supporting SMEs**

In this section I will list practical implications that are targeted for organizations supporting SMEs. I will tie the practical implications to the constraints that SMEs may face in the management and leadership of foreign employees. Both the constraints and the recommended practical implications are drawn from the findings of this study, provided propositions (see chapter 5. Discussion), and the literature reviewed in this thesis (Festing et al., 2013; Krishnan & Scullion, 2017; Mayer et al., 2019; Tharenou & Kulik, 2020; Zikic, 2015). According to the findings the key challenges the companies experienced were *managing and accessing the global talent pool* in the pre-organizational entry phase, and *practices to integrate foreign employees*, and *willingness to gain inclusive leadership skills* in the post-organizational entry phase.

### **6.2.1. Pre-organizational entry phase**

#### **Managing and accessing the global talent pool**

The participant companies considered the global talent pool as a prospective source of new employees. However, several findings indicated that the companies seemed to lack skills to manage the global talent pool (development, deployment, orchestration, and identification), and lack access to the pool. First, recruitment partners and agencies which would enable the development of global talent pool (recruitment partners abroad, public employment agencies, and international partner networks) were scarcely used by the companies. Second, the companies did not practice international brand marketing to support attraction of foreign employees or perceive it as important, and hence may fail in deploying the global talent pool. The importance of the employer brand has been recognized by the Medtronic's International Vice President for Human Resources: "In China we don't encounter a problem in terms of 'supply.' There is plenty of well-educated talent there. The issue for us and many multinationals is how to foster their loyalty and engagement longer-term" (Oxford Economics, 2012, p. 10). I propose that the building of employer brand in Finnish SMEs

should be integrated to the building of Finland's country brand, as establishing brand engagement demands significant resources. Third, 35 % of the companies that did not yet have a foreign employee reasoned that it is because they have not found a suitable person. It may be interpreted that these companies have already started exploring talent pools beyond the local pool. Yet, I argue that if the companies would have access to global talent pool with endless amount of talent, they would have found a suitable candidate. Hence, these 35 % may have lacked the access to the global talent pool, or have not identified the prominent talent pool, or have not recognized the credentials of the foreign candidates though access to global talent pool is already available. And finally, most of the participant companies who already had a foreign employee had recruited the employee from local talent pool, which indicates that the local talent pool is more available to the companies than the global pool.

To support companies in the management of the global talent pool, I suggest the following activities:

**a) Development of the global talent pool**

Help companies in the identification of global talent pools with high-potential candidates. For example, collaborative partnerships with universities in the sister cities of Finnish cities may be established, by building routes or "corridors" that would allow the convergence of Finnish employers and international students. In the *Talent Boost Index* the vast talent pool of international major degree students studying in Finland is recognized. In addition to this pool, a large body of exchange students also passes through Finland each year which may be a potential talent pool.

**b) Building of the employer brand**

Integrate the employer brand building of SMEs to Finnish country brand, by promoting the innovation and solution ecosystems of Finnish regions.

**c) Recognition of foreign credentials**

Develop '*a foreign credential process guide*' to help companies recognize foreign credentials and experience (TRIEC, 2013).

### **6.2.2. Post-organizational entry phase**

#### **Practices to integrate foreign employees**

According to the findings of this study, participant companies scarcely offered financial support for settling in, and support for employee's spouse. In addition, the smaller companies

had fewer practices to support foreign employees in their integration to the workplace and to the society than larger companies. The practices that small companies were lacking included support in personal permit process, settling in services, culture training, language courses, structured orientation, and monitoring orientation which may be due to limited resources of the small companies. The Talent Boost ecosystem already offers services that SMEs may use to support the foreign employee. These include mentoring targeted for the foreign employee's spouse, and language in both Finnish and Swedish. However, there are several practices that would benefit SMEs to fully benefit from the diversification of the organization. According to previous literature a crucial part of successful socialization of a foreign employee is gaining social capital.

To support companies in the integration of a foreign employee, I suggest the following activities:

**d) A 'settling in kit'**

Provide a settling in kit that offers services universally needed by all employees migrating from abroad. Currently, Business Finland offers Talent Explorer funding, which allows a company to "hire an international expert to identify potential export markets for your [the company's] current product, service, or business model" (Talent Boost Index, 2020). The funding can be used to solely to cover the employment costs. I suggest that a funding instrument would be offered also to cover the integration of a skilled migrant in the form of 'settling in kit'. To receive the kit, the company would take a brief mandatory introduction on activities promoting inclusion. The kit would also include support for the spouse of the skilled migrant, such as networking and career coaching.

**e) English language courses for local employees**

To ease the adaption of local employees to the change of company language that may followed by the entrance of a foreign employee, English courses may be offered to the employees.

**f) Networking opportunities for foreign employees**

Organize network events targeted at foreign employees but available to all employees aiming to gain networks. These events may be organized in collaboration with other organizations, such as MNEs.

### **Willingness to gain inclusive leadership skills**

The findings of this study indicate that the participant companies have not offered coaching for managers for leading a multicultural work community, and that the companies do not perceive that offering coaching is particularly important. Often companies focus on diversification of staff but ignore following steps that are fundamental for capitalizing on diversity. The Talent Boost ecosystem already offers 'International Work Community Coaching' which is currently being developed. However, since the findings indicate that the awareness of the importance of gaining inclusive leadership skills is insufficient, I suggest that this awareness may be promoted.

To support companies in the leadership of a foreign employee, I suggest the following activity:

#### **g) Campaign for the recognition of inclusive leadership skills**

To increase the awareness of inclusive leadership skills and their fundamental role in capitalizing on diversity, organize a campaign that appeals to both economic and moral values of decision makers.

## **7. Conclusions**

In this study I explored the key challenges that SMEs face when managing and leading foreign employees, and the factors that influence the management and leadership of skilled migrants in SMEs. The key challenges included *managing and accessing the global talent pool* in the pre-organizational entry phase, and *practices to integrate foreign employees*, and *willingness to gain inclusive leadership skills* in the post-organizational entry phase. To support the SMEs in these challenges I provided practical implications with concrete recommendations for action.

The factors that were found to influence the management and leadership of skilled migrants in SMEs were external diversity, organizational knowing-why, organizational knowing-how, language proficiencies, inclusion practices, inclusive leadership skills, and industry knowledge-intensity. A series of propositions were developed based on the factors. The propositions contribute to the management literature of skilled migrants, specifically because they provide a scarcely studied contextual setting of SMEs in a non-Anglo-Saxon country.

One of the scopes of this research is to have a societal impact. According to Shapiro and Kirkman (2018) “one of the biggest challenges facing management scientists has been the struggle to produce knowledge that is both academically rigorous and applicable to practicing managers”. This study has very profound engagement directly with stakeholders (the *Talent Boost Index* working group) and provided practical recommendations for both SMEs and public organizations supporting SMEs. In addition, the study also provided a theoretical contribution in the form propositions. Hence, I believe that the study has overcome the challenge noted above.

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# List of Appendices

## APPENDIX 1. The *Talent Boost Index* survey in Finnish.

### 1. Toimipaikan sijainti

Uusimaa / Varsinais-Suomi / Satakunta / Kanta-Häme / Pirkanmaa / Päijät-Häme / Kymenlaakso / Etelä-Karjala / Etelä-Savo / Pohjois-Karjala / Keski-Suomi / Etelä-Pohjanmaa / Pohjanmaa / Keski-Pohjanmaa / Pohjois-Pohjanmaa / Kainuu / Lappi / Ahvenanmaa / Pohjois-Savo

### 2. Toimiala

Arkkitehti- ja insinööripalvelut / Energia- ja ympäristöhuolto / ICT- ja ohjelmistosuunnittelu / Kiinteistö- ja rakennusala / Konsultti- ja muut liike-elämän palvelut / Kuljetus ja varastointi / Majoitus- ja ravitsemusala / Markkinointi- ja viestintäala / Rahoitusala / Sosiaali- ja terveysala / Teollisuus / Tukku- ja vähittäiskauppa / Tutkimus ja kehittäminen / Muu toimiala / muu toimiala, mikä?

### Toimipaikan liikevaihto

Alle 2 miljoonaa € / 2-10 miljoonaa € / 10-100 miljoonaa € / Yli 100 miljoonaa €

### Toimipaikan henkilöstömäärä

1-19 henkilöä / 20-49 henkilöä / 50-199 henkilöä / yli 200 henkilöä

### 5. Yrityksen / organisaation nimi (kirjoita TESTI, jos haluat vain testata mittaria):

### 6. Osaajapula hankaloittaa liiketoimintaamme. Tärkeys ja 'samaa vai eri mieltä'

### 7. Helpottaaksenne yrityksenne osaajapulaa, millaisia henkilöitä voisitte rekrytoida? Voit valita useita vaihtoehtoja.

Suomessa asuvan ei-suomalaisen osaajan / EU-alueelta tulevan osaajan / muualta maailmasta tulevan osaajan / suomenkielen taitoisen henkilön / ainoastaan suomalaisen henkilön

### 8. Tavoitteenamme on kasvattaa liiketoimintaa kansainvälisesti. Tärkeys ja 'samaa vai eri mieltä'

### 9. On tärkeää ymmärtää kohdemarkkinoita ja asiakkaita, joten aiomme palkata niitä tuntevia osaajia. Tärkeys ja 'samaa vai eri mieltä'

### 10. Monikulttuurinen tiimi tuottaa merkittävää lisäarvoa innovaatiotoiminnalle ja liiketoiminnan kehittämiseksi. Tärkeys ja 'samaa vai eri mieltä'

### 11. Palvelemme asiakkaitamme seuraavilla kielillä:

suomeksi / ruotsiksi / englanniksi / saksaksi / venäjäksi / kiinaksi / jokin muu kieli, mikä?

### 12. Aiomme palkata ulkomaista työvoimaa seuraavan vuoden aikana. Tärkeys ja 'samaa vai eri mieltä'

### 13. Kun rekrytoimme uusia työntekijöitä, asetamme osaamisen etusijalle kansallisuudesta huolimatta. Tärkeys ja 'samaa vai eri mieltä'

14. Teemme kansainvälistä yrityskuvaviestintää, joka tukee myös kansainvälisiä rekrytointeja. Tärkeys ja ‘samaa vai eri mieltä’

15. Yrityksellämme on tarvittavat resurssit kansainvälisten rekrytointien tekemiseen. Voit valita useita vaihtoehtoja:

rekrytointiin keskittyvät vastuuhenkilöt sisäisesti / rekrytoinnin kumppani(t) kotimaassa / rekrytointikumppani(t) ulkomailla / ei mikään ylläolevista

16. Uusien työntekijöiden haussa hyödynnämme (voit valita useita vaihtoehtoja):

omaa HR:ää tai rekrytoinnin vastuuhenkilöitä / TE-toimistoja / korkeakouluja / henkilöstöpalveluyrityksiä / asiakasverkostoja / kansainvälisiä kumppaniverkostoja / henkilöstön omia verkostoja / Linkediniä, Facebookia tai muita some-kanavia / ei mitään näistä

*Triggeri-kysymys*

17. Laadimme työpaikkailmoitukset:

suomeksi / ruotsiksi / englanniksi / myös muilla kielillä

*Esitetään vain vastaajalle, joka on kymyksessä 17. vastannut “englanniksi” tai “myös muilla kielillä”*

18. Laadimme työpaikkailmoitukset muulla kuin kotimaisilla kielillä, koska:

haluamme markkinoida avointa työtehtävää mahdollisimman laajasti alan osaajille Suomessa ja kansainvälisesti / tämä on yrityksemme toimintatapa / haluamme tavoittaa ko. kieltä osaavia suomalaisia / muusta syystä, mistä?

*Triggeri-kysymys*

19. Onko yrityksessäsi jo töissä ulkomaalaista henkilöstöä (Suomen toimipisteissä)? Kyllä / Ei

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut “ei”*

20. Miksi teillä ei ole ulkomaalaisia työntekijöitä? Voit valita useita vaihtoehtoja.

Ei ole löydetty sopivaa henkilöä / Rekrytointi maksaa liikaa / Työ- ja oleskelulupiin liittyvä byrokratia / Esimiesten kielitaito / Työyhteisön kielivalmiudet / Asiakkaiden tai kumppaneiden vaatimukset / Ei ole aikaisempaa kokemusta / Monikulttuurisuus tuntuu haasteelliselta / Aikaisemmat haasteelliset kokemukset

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut “ei”*

20. Työyhteisömme on valmis monikulttuurisuuteen. Tärkeys ja ‘samaa vai eri mieltä’

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut “kyllä”*

21. Mistä rekrytoitte ulkomaalaisen työntekijän?

Suomesta / ulkomailta

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut “kyllä”*

22. Missä asioissa yrityksenne auttaa uusia ulkomaalaisia työntekijöitä? Voit valita useita vaihtoehtoja.

hakijan henkilökohtaisessa oleskelulupaprosessissa ja muissa maahantuloon liittyvissä asioissa. / asettautumispalvelut (ml. asunnon etsiminen, pankkitilin avaaminen, lasten päivähoito / koulu, ym.) / kulttuurivalmennus / puolison integroiminen suomalaiseen yhteiskuntaan (työ, harrasteet) / suomen kielen opiskelu tai käyttäminen työpaikalla / rahallinen tuki Suomeen asettautumiseen / emme tarjoa mitään erityistä apua kansainvälisille työntekijöille

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut "kyllä"*

23. Kerromme hakijalle suomalaisen yhteiskunnan toimintatavoista. Tärkeys ja 'samaa vai eri mieltä'

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut "kyllä"*

24. Kerromme hakijalle Suomessa työskentelyn pelisäännöistä. Tärkeys ja 'samaa vai eri mieltä'

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut "kyllä"*

25. Mikä/mitkä vaihtoehdot kuvaavat parhaiten organisaatiosi nykytilaa ulkomaalaisten työntekijöiden perehdytyksessä. Voit valita useita vaihtoehtoja.

Meillä ei ole varsinaista ohjeistusta, perehdytys hoidetaan tilanteen mukaan. / Meillä on yleinen perehdytyksen ohjeistus, mutta kukin perehdytyksestä vastaava hoitaa asian parhaaksi katsomallaan tavalla. / Meillä on perehdytykseen yhtenäinen malli, ja kaikki perehdyttäjät toimivat sen mukaisesti. / Huomioimme henkilön tilanteen ja tarpeet, esim. muusta kulttuurista tulevan erityiset perehdytystarpeet. / Perehdytyksessä onnistumista seurataan systemaattisesti. Systemaattinen seuranta tarkoittaa esimerkiksi perehdytyksen palautekyselyä tai henkilöstökyselyä.

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut "kyllä"*

26. Yrityksessämme tuetaan ulkomaalaistaustaisten työntekijöiden virallista ja epävirallista verkostoitumista. Tärkeys ja 'samaa vai eri mieltä'

*Esitetään vain vastaajalle, joka on kymyksessä 19. vastannut "kyllä"*

27. Työyhteisömme on monikulttuurinen. Tärkeys ja 'samaa vai eri mieltä'

28. Yrityksessämme keskustellaan avoimesti monikulttuurisen työyhteisön eduista ja haasteista. Tärkeys ja 'samaa vai eri mieltä'

29. Tarjoamme kaikille työntekijöille yhtäläiset mahdollisuudet osaamisen kehittämiseen. Tärkeys ja 'samaa vai eri mieltä'

29. Rohkaisemme myös ulkomaalaisia työntekijöitä etenemään esimies- ja johtotehtäviin. Tärkeys ja 'samaa vai eri mieltä'

30. Esimiehet suhtautuvat avoimesti erilaisista kieli- ja kulttuuriympäristöistä tuleviin henkilöihin. Tärkeys ja 'samaa vai eri mieltä'

31. Onko yrityksesi esimiehillä riittävät taidot monikulttuurisen tiimin johtamiseen? Tärkeys ja 'samaa vai eri mieltä'

32. Meillä tarjotaan esimiehille valmennusta monikulttuurisen työyhteisön johtamiseen. Tärkeys ja 'samaa vai eri mieltä'

33. Olemme tunnistaneeet tarpeen tarjota esimiehille valmennusta monikulttuurisen työyhteisön johtamiseen. Tärkeys ja 'samaa vai eri mieltä'

34. Vuorovaikutuksessa ja mm. työn ohjeistuksessa käyttämämme kieli: vaihtelee sen mukaan, keitä on paikalla; jos mukana on yksikin ei-kotimaista kieltä puhuva, kieli on englanti / on aina Suomi / on suomi tai ruotsi / on aina englanti tai muu vieras kieli



23. Millä kielillä viestitte keskeiset työohjeet (esim. turvallisuusohjeet)? Voit valita useita vaihtoehtoja.

suomeksi / ruotsiksi / englanniksi

24. Suositteletko yritystäsi työpaikaksi ulkomaalaiselle ystävällesi? ‘samaa vai eri mieltä’

## APPENDIX 2. The *Talent Boost Index* survey in English.

### Location of the office

Uusimaa / Varsinais-Suomi / Satakunta / Kanta-Häme / Pirkanmaa / Päijät-Häme / Kymenlaakso /  
Etelä-Karjala / Etelä-Savo / Pohjois-Karjala / Keski-Suomi / Etelä-Pohjanmaa / Pohjanmaa / Keski-  
Pohjanmaa / Pohjois-Pohjanmaa / Kainuu / Lappi / Ahvenanmaa / Pohjois-Savo

### Industry

Architectural and engineering services / Energy and environmental management / ICT and software  
design / Real estate and construction / Consulting and other business services / Transportation,  
logistics and storage services / Hospitality industry / Marketing and communications / Financial  
sector / Social services and health care / Industry / Whole sale and retail trade / Research and  
development / Other industry / Other industry, please specify

### Business turnover of the branch

Less than 2 million €/ 2-10 million €/ 10-100 million €/ Over 100 million €

### Number of employees at the branch

1-19 / 20-49 / 50-199 / More than 200 people

5. Name of company / organization (write TEST if you are only testing the index):

6. A shortage of skilled workforce is a challenge for our company. Agreement and Importance

7. To ease your company's shortage of skilled workforce, what kind of people would you recruit?  
You can choose multiple options. Non-Finnish expert living in Finland / Expert from the EU area /  
An expert from anywhere in the world / Someone that has a good command of Finnish language /  
A Finnish person only

8. We aim to grow our business internationally. Agreement and Importance

9. It is important to understand our target markets and clients, so we plan to hire persons that are  
familiar with the markets. Agreement and Importance

10. A multicultural team significantly adds value to innovation and business development of the  
company. Agreement and Importance

11. We serve our customers in the following languages:

In Finnish / In Swedish / In English / In German / In Russian / In Chinese / If other language,  
please specify:

12. We plan to hire foreign employees during the next year. Agreement and Importance

13. When recruiting new employees, we prioritize competence regardless of nationality. Agreement  
and Importance

14. We do international company brand marketing, which also supports international recruitments.  
Agreement and Importance

15. Our company has the necessary resources to recruit international employees. You can choose multiple options.

Our company has dedicated person(s) responsible for recruitment / Recruitment partner (s) in Finland / Recruitment partner (s) abroad / None of the above, something else

16. When searching for new employees we use the following (you can choose multiple options): Company's own HR or a designated recruitment personnel / TE offices (public employment agencies) / Universities and Universities of applied sciences / Recruitment agencies / Client networks / International partner networks / Our employees' own networks / LinkedIn, Facebook or other social media channels / None of the above / If other services, please specify

*Trigger question:*

17. We publish our open position postings:

In Finnish / In Swedish / In English / Also in other languages

*Presented only if the respondent answered "In English" or "Also in other languages" in question 17.*

18. We publish our open position ads in non-domestic languages, because:

We want to market the open positions as widely as possible in to the experts in Finland and internationally. / This is our company's way of working. / We want to reach the Finnish experts that speak the language in question / If other reason, please specify

*Trigger question:*

19. Does your company already have foreign employees (in Finnish location)? Yes / No

*Presented only if the respondent answered "No" in question 19.*

20. Why don't you have foreign employees? You can choose multiple options.

The suitable person was not found / Recruitment is too expensive / The bureaucracy related to work and residence permits / Our manager's or supervisors' language skills (or lack thereof) / Language skills of the work community and colleagues / The requirements of our clients and/or partners / Lack of prior experience / Multiculturalism seems challenging / Previous challenging experiences / If other reason, please specify

*Presented only if the respondent answered "No" in question 19.*

20. Our working community is ready for multiculturalism. Agreement and Importance

*Presented only if the respondent answered "Yes" in question 19.*

21. From where did you recruit your foreign employees?

From Finland / From abroad

*Presented only if the respondent answered "Yes" in question 19.*

22. How does your company support the new foreign employee? You can choose multiple options.

We support the employee in the personal residence permit process as well as in other matters related to settling to Finland. / We support the worker through settling in services (incl. finding accommodation, opening a bank account, daycare / school for children, etc.) / Finnish culture training / We support the employee's spouse in integration to the Finnish society (work, hobbies) / Opportunity to learn and/or use Finnish at work / Financial support package to help in settling in to Finland / We do not offer any special support to foreign employees / If other, please specify:

*Presented only if the respondent answered "Yes" in question 19.*

23. We tell the applicant about the way Finnish society operates. Agreement and Importance

*Presented only if the respondent answered "Yes" in question 19.*

24. We tell the applicant about the rules of conduct in a Finnish workplace. Agreement and Importance

*Presented only if the respondent answered "Yes" in question 19.*

25. Which option (s) best describes the current state of your organization in terms of orientation of foreign employees. You can choose multiple options.

We have no official guidance, the orientation is provided according to the situation. / We have a general orientation guidance but each person responsible for the orientation conducts as they see fit. / We have a unified model for orientation, and all the instructors act accordingly. / We consider each person's situation and needs, i.e. special orientation needs of employees from other cultures. / We monitor the success of our orientation systematically. Systematic monitoring means, for example, an orientation feedback survey or a personnel survey.

*Presented only if the respondent answered "Yes" in question 19.*

26. In our company, we support the official and unofficial networking of our employees with foreign background Agreement and Importance

*Presented only if the respondent answered "Yes" in question 19.*

27. Our working community is multicultural. Agreement and Importance

28. We openly discuss the benefits and challenges of a multicultural work communities. Agreement and Importance

29. We offer all employees equal opportunities to develop their skills. Agreement and Importance

29. We encourage also foreign employees to advance to management and leadership positions. Agreement and Importance

30. Managers and supervisors have an open minded attitude towards people from different language- and cultural backgrounds. Agreement and Importance

31. Do the managers in your company have sufficient skills to lead a multicultural team? Agreement and Importance

32. We offer our managers coaching for leading a multicultural work community. Agreement and Importance

33. We have identified the need to provide managers training on how to lead a multicultural work community. Agreement and Importance

34. The language used on communication and i.e. guidance:

Depends on who is present; if there even one speaker of non-domestic languages, the language is English / Always Finnish / Finnish or Swedish / Always English or other foreign language

23. In what languages do you communicate key work instructions (i.e. safety instructions)? You can choose multiple options.

In Finnish / In Swedish / In English / Other

24. Would you recommend your company as a job to a foreign friend? Agreement

### APPENDIX 3. Abbreviations for continuous variables.

| <i>Abbreviation</i>                          | <i>Original questions</i>  |
|--|--|
| Shortage of workforce                        | A shortage of skilled workforce is a challenge for our company.  |
| International growth plans                   | We aim to grow our business internationally.   |
| Hire people familiar with the target markets | It is important to understand our target markets and clients, so we plan to hire persons that are familiar with the markets. |
| Diversity adds innovation                    | A multicultural team significantly adds value to innovation and business development of the company.                         |
| Plan to hire a foreign employee: action      | We plan to hire foreign employees during the next year.  |
| Plan to hire a foreign employee: importance  | We plan to hire foreign employees during the next year.  |
| Prioritize competence: action                | When recruiting new employees, we prioritize competence regardless of nationality.   |
| Prioritize competence: importance            | When recruiting new employees, we prioritize competence regardless of nationality.   |
| International brand marketing: action        | We do international company brand marketing, which also supports international recruitments.                                 |
| International brand marketing: importance    | We do international company brand marketing, which also supports international recruitments.                                 |
| Train societal rules: action                 | We tell the applicant about the way Finnish society operates.  |
| Train societal rules: importance             | We tell the applicant about the way Finnish society operates.  |
| Train workplace rules: action                | We tell the applicant about the rules of conduct in a Finnish workplace.   |
| Train workplace rules: importance            | We tell the applicant about the rules of conduct in a Finnish workplace.   |
| Support networking: action                   | In our company, we support the official and unofficial networking of our employees with foreign background                   |

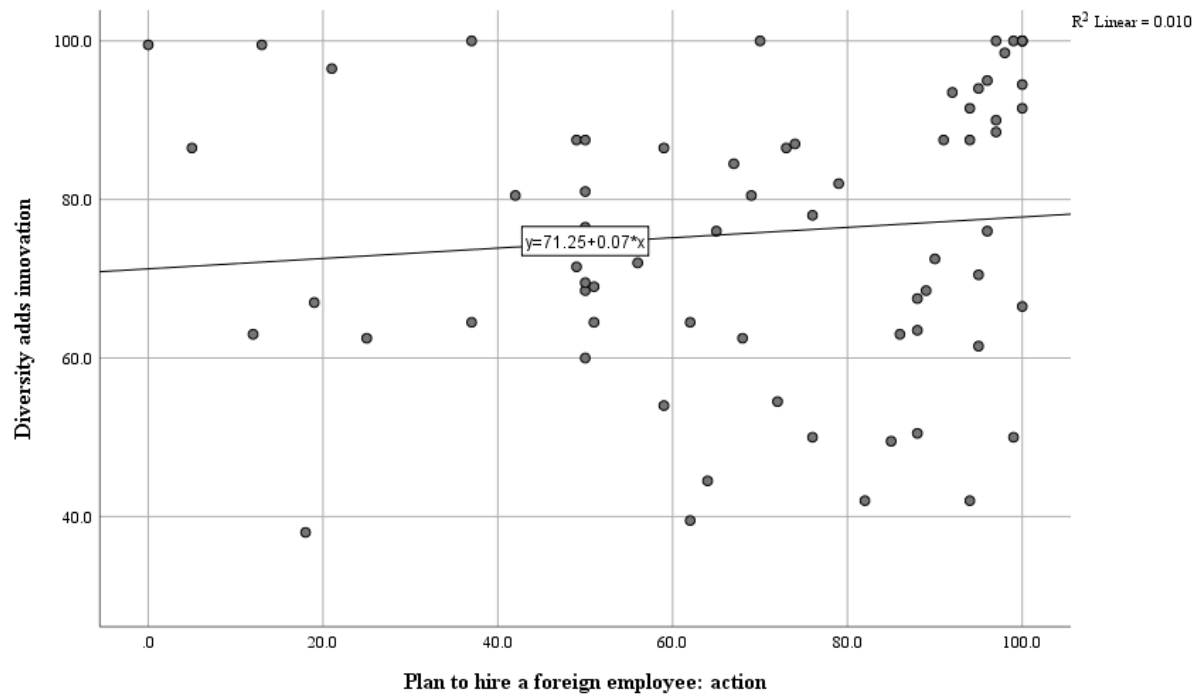
|   |   |
|---|---|
| Support networking: importance                | In our company, we support the official and unofficial networking of our employees with foreign background              |
| Workplace is multicultural                    | Our working community is ready for multiculturalism.  |
| Workplace is ready for multiculturalism       | Our working community is multicultural.   |
| Discussions on multiculturalism: action       | We openly discuss the benefits and challenges of a multicultural work communities.                                      |
| Discussions on multiculturalism: importance   | We openly discuss the benefits and challenges of a multicultural work communities.                                      |
| Offer equal opportunities: action             | We offer all employees equal opportunities to develop their skills.   |
| Offer equal opportunities: importance         | We offer all employees equal opportunities to develop their skills.   |
| Encourage career advancement: action          | We encourage also foreign employees to advance to management and leadership positions.                                  |
| Encourage career advancement: importance      | We encourage also foreign employees to advance to management and leadership positions.                                  |
| Managers' open-minded attitude                | Managers and supervisors have an open minded attitude towards people from different language- and cultural backgrounds. |
| Managers' skills for leading multiculturalism | Do the managers in your company have sufficient skills to lead a multicultural team?                                    |
| Coaching for managers: action                 | We offer our managers coaching for leading a multicultural work community.  |
| Coaching for managers: importance             | We offer our managers coaching for leading a multicultural work community.  |
| Identified the need for coaching              | We have identified the need to provide managers training on how to lead a multicultural work community.                 |

## APPENDIX 4. Kendall's tau correlation matrix for continuous variables.

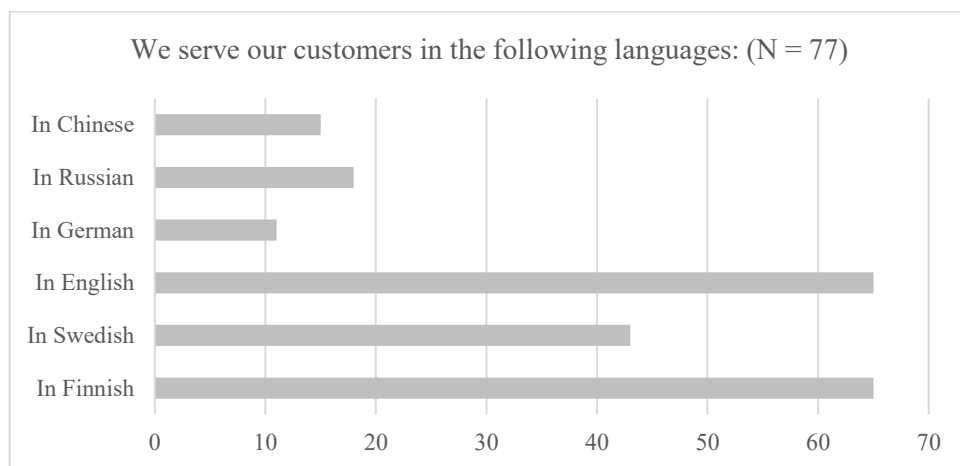
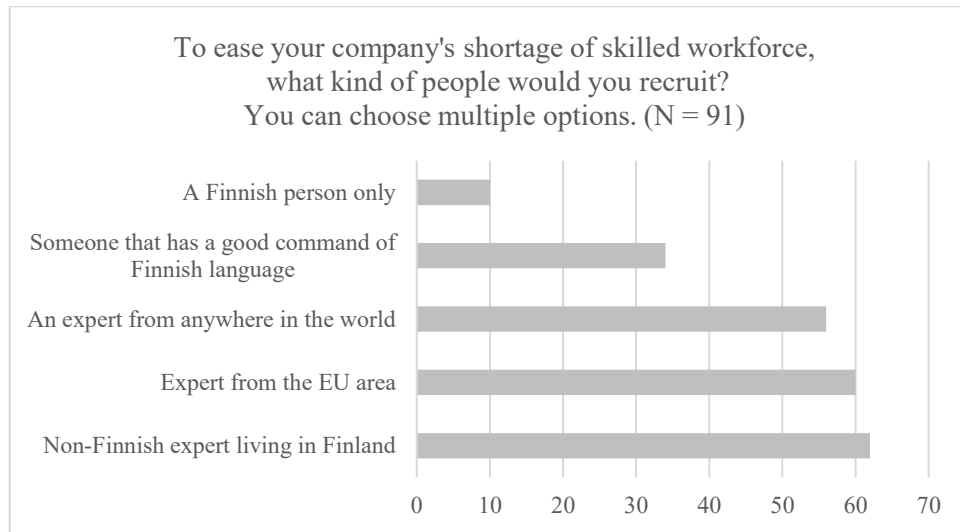
| Variable  | 1      | 2      | 3      | 4      | 5      | 6       | 7      | 8      | 9      | 10     | 11     | 12     | 13     | 14     | 15     | 16     | 17     | 18     | 19     | 20     | 21     | 22     | 23     | 24     | 25    | 26    | 27 | 28 | 29 |
|---|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|----|----|----|
| 1 Shortage of workforce   | 1.000  |        |        |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 2 International growth plans  | .187*  | 1.000  |        |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 3 Hire people familiar with the target markets  | .207** | .361** | 1.000  |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 4 Diversity adds innovation   | .251** | .390** | .354*  | 1.000  |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 5 Plan to hire a foreign employee: action   | .273** | .211*  | .251** | .172*  | 1.000  |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 6 Plan to hire a foreign employee: importance   | .207*  | .155   | .224*  | .154   | .589** | 1.000   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 7 Prioritize competence: action   | .239** | .430** | .162   | .380** | .287** | .194*   | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 8 Prioritize competence: importance   | .188*  | .461** | .310** | .448** | .315** | .237**  | .551** | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 9 International brand marketing: action   | .163   | .278** | .158   | .162   | .232*  | .319**  | .254*  | .258** | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 10 International brand marketing: importance  | .116   | .280** | .168*  | .341** | .314** | .309**  | .179*  | .262** | .389** | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 11 Train societal rules: action   | .029   | .272*  | -.002  | .342*  | .246   | .078*   | .309*  | .144   | .214   | .110   | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 12 Train societal rules: importance   | .147   | .063   | -.003  | .269*  | .117   | .143    | .124   | .191   | .145   | .187   | .353** | 1.000  |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 13 Train workplace rules: action  | .164   | .302*  | -.113  | .254   | .173   | -.054** | .372** | .147   | .232   | .130   | .765** | .385** | 1.000  |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 14 Train workplace rules: importance  | .278*  | .302*  | .045   | .329*  | .377** | .186    | .289*  | .294*  | .023   | .139   | .427** | .402** | .413** | 1.000  |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 15 Support networking: action   | .159   | .0201  | .111   | .271   | .236   | .079*   | .319*  | .171   | .228   | -.028  | .517** | .0109  | .482** | .485** | 1.000  |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 16 Support networking: importance   | .305*  | .173   | .013   | .516** | .0200  | .162    | .188   | .261   | .166   | .245   | .377** | .606** | .338*  | .481** | .373** | 1.000  |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 17 Workplace is multicultural   | .158   | .508** | .219   | .472** | .484** | .311*   | .489** | .424** | .188   | .310*  | .628** | .255   | .424** | .427** | .396** | .345*  | 1.000  |        |        |        |        |        |        |        |       |       |    |    |    |
| 18 Workplace is ready for multiculturalism  | .147   | .234   | .121   | .201   | .058   | .058    | .170   | -.013  | .034   | .235   |        |        |        |        |        |        |        | 1.000  |        |        |        |        |        |        |       |       |    |    |    |
| 19 Discussions on multiculturalism: action  | .099   | .380** | .098   | .361** | .116   | .083    | .333** | .199   | .146   | .153   | .566** | .175   | .531** | .367** | .336*  | .320*  | .514** | .593** | 1.000  |        |        |        |        |        |       |       |    |    |    |
| 20 Discussions on multiculturalism: importance  | .192   | .315** | .314** | .522** | .301*  | .165*   | .261*  | .392*  | .233*  | .305** | .285*  | .418*  | .152   | .466** | .243   | .413** | .502*  | .289   | .408** | 1.000  |        |        |        |        |       |       |    |    |    |
| 21 Offer equal opportunities: action  | .259*  | .335** | .112   | .416** | .295** | .118    | .348** | .239*  | .081   | .099   | .297*  | .299*  | .314*  | .496** | .401** | .460** | .424** | .326*  | .426** | .402** | 1.000  |        |        |        |       |       |    |    |    |
| 22 Offer equal opportunities: importance  | .365** | .320** | .213*  | .516*  | .241*  | .095*   | .291** | .281** | .122   | .181   | .315*  | .326*  | .237   | .354*  | .249   | .510** | .473*  | .0238  | .428*  | .533** | .640** | 1.000  |        |        |       |       |    |    |    |
| 23 Encourage career advancement   | .070   | .325*  | .230   | .365** | .327*  | .116    | .462** | .225   | .211   | .176   | .489** | .065   | .464** | .286*  | .497** | .236   | .564** | .557** | .325*  | .502** | .372** | 1.000  |        |        |       |       |    |    |    |
| 24 Encourage career advancement   | .214   | .390** | .285*  | .698** | .343*  | .144*   | .403*  | .431** | .015   | .300*  | .372*  | .268   | .278   | .424** | .369*  | .588** | .607** | .418*  | .640** | .553** | .672** | .544** | 1.000  |        |       |       |    |    |    |
| 25 Managers open-minded attitude  | .188   | .315** | .310** | .527** | .344*  | .182    | .326** | .300** | .157   | .302** | .359** | .181   | .272   | .367** | .463** | .405** | .544** | .587** | .461** | .552** | .485** | .551** | .599** | 1.000  |       |       |    |    |    |
| 26 Managers' skills for leading multiculturalism  | .151   | .349*  | .242   | .367** | .269   | .137    | .253   | .266   | -.101  | .193   | .431** | .283*  | .352*  | .528** | .342*  | .361*  | .506** | .323*  | .320*  | .352** | .282*  | .394** | .496** | .378** | 1.000 |       |    |    |    |
| 27 Coaching for managers: action  | .178   | .164   | -.096  | -.049  | .079   | -.082   | .121   | -.045  | .210   | .012   | .453*  | .102   | .499** | .342*  | .332*  | .037   | .205   | .420*  | .155   | .067   | .098   | .296*  | .065   | .051   | .238  | 1.000 |    |    |    |
| 28 Coaching for managers: importance  | .266   | .263   | .242   | .531** | .364*  | .231    | .195   | .363*  | .168   | .444** |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| 29 Identified the need for coaching   | .173   | .206   | .185   | .347*  | .060   | .315*   | .339*  | .227   | .226   | .330*  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |
| *. Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed). |        |        |        |        |        |         |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |       |    |    |    |

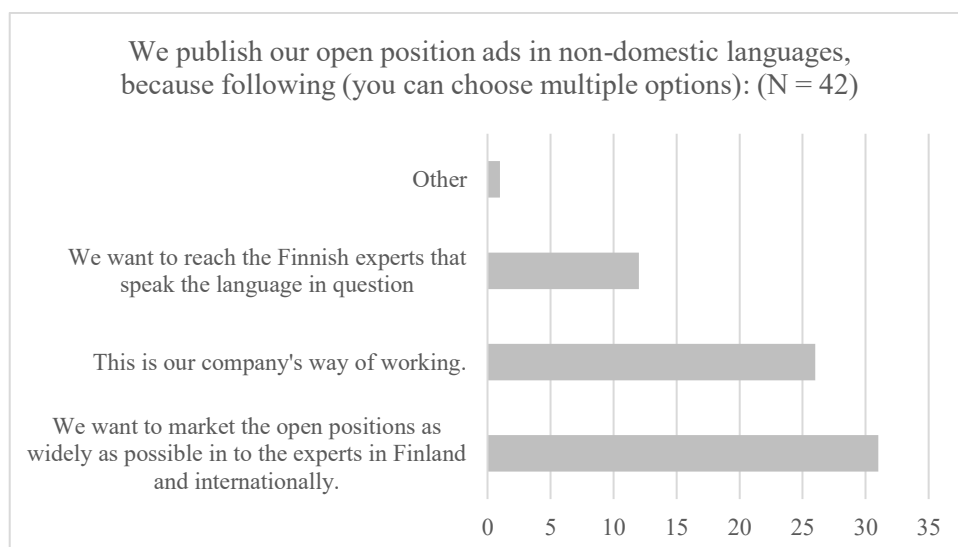
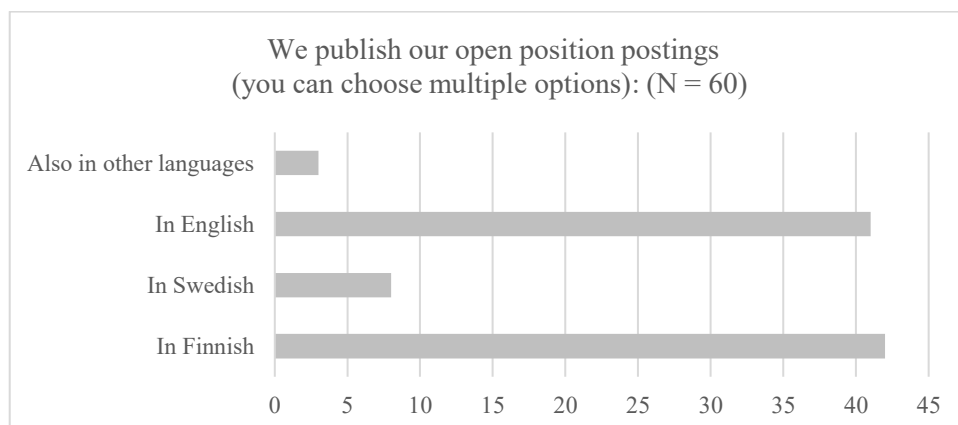
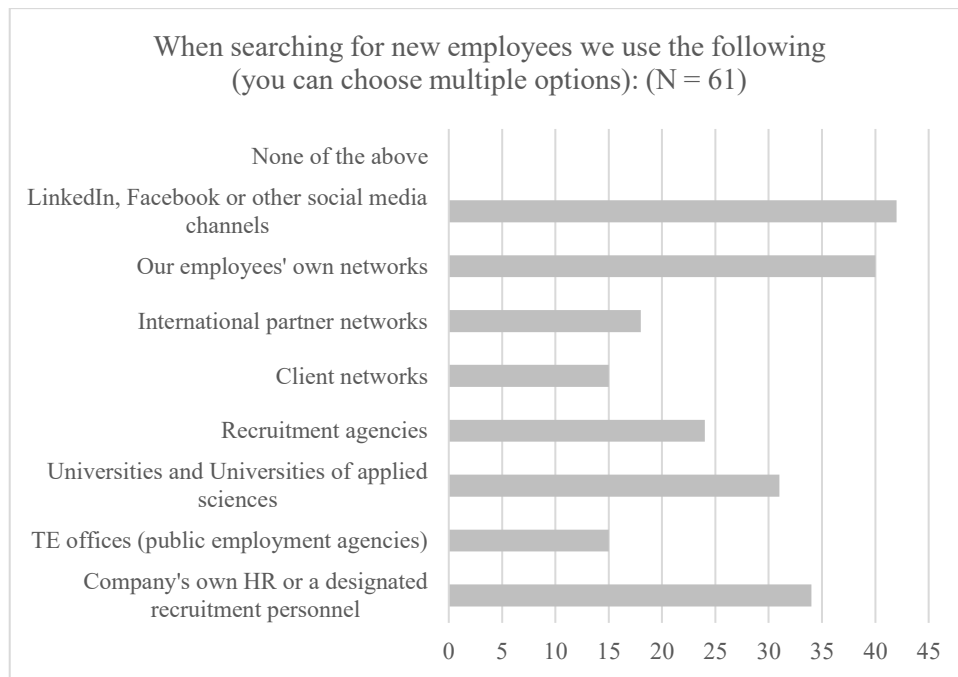


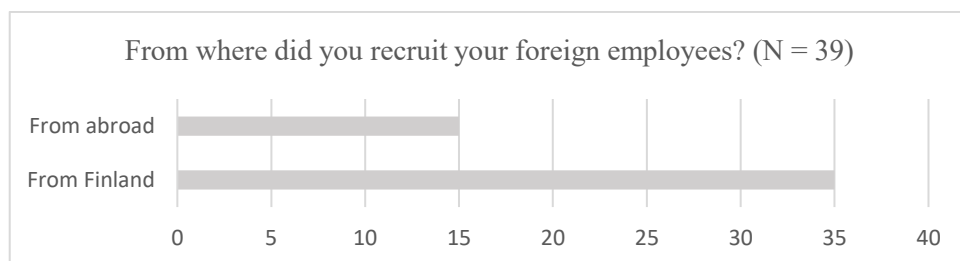
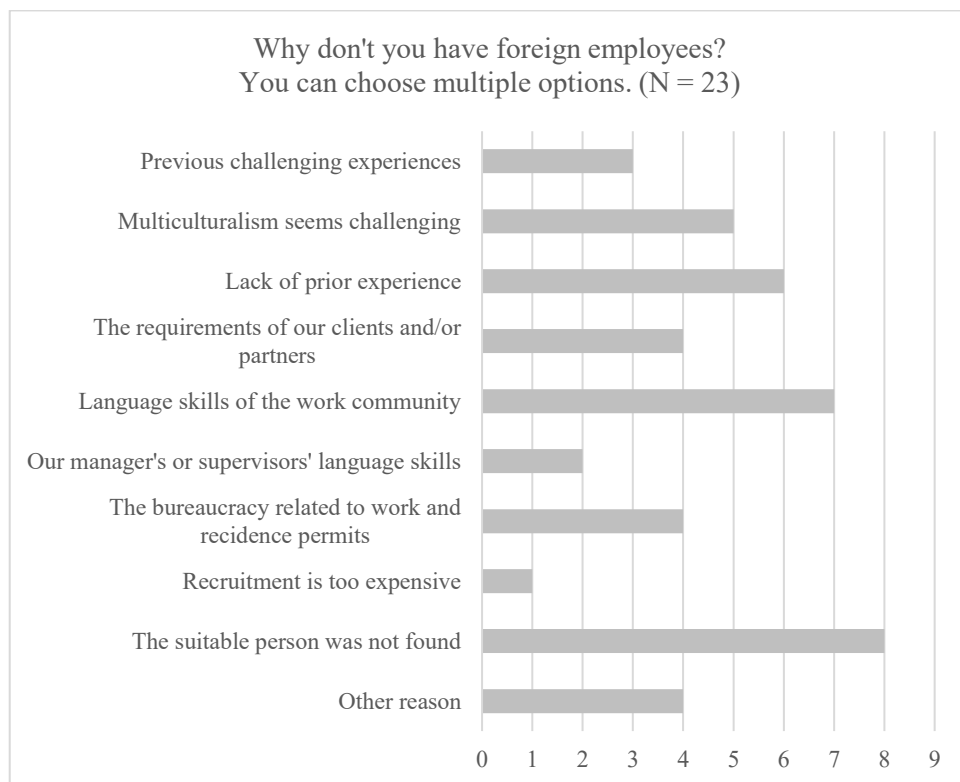
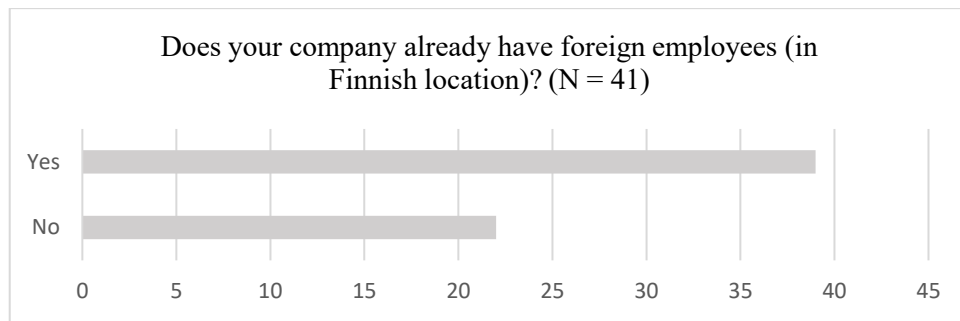
**APPENDIX 5.** Scatter plot graph and regression line of ‘Plan to hire a foreign employee: action’ in relation to ‘Diversity adds innovation’.

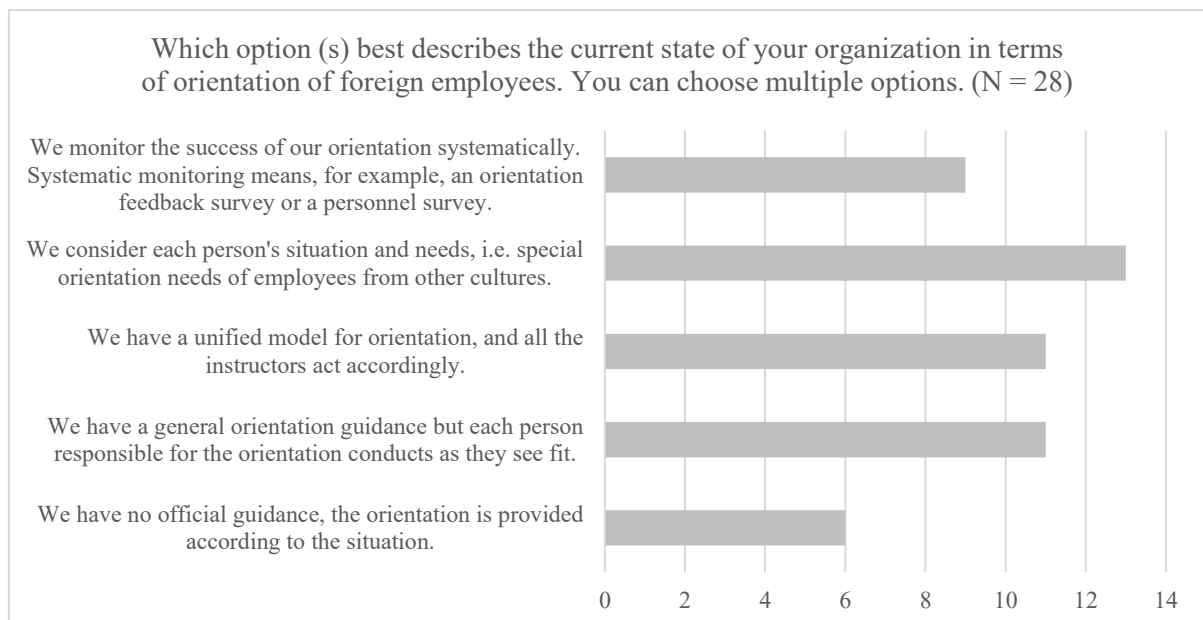
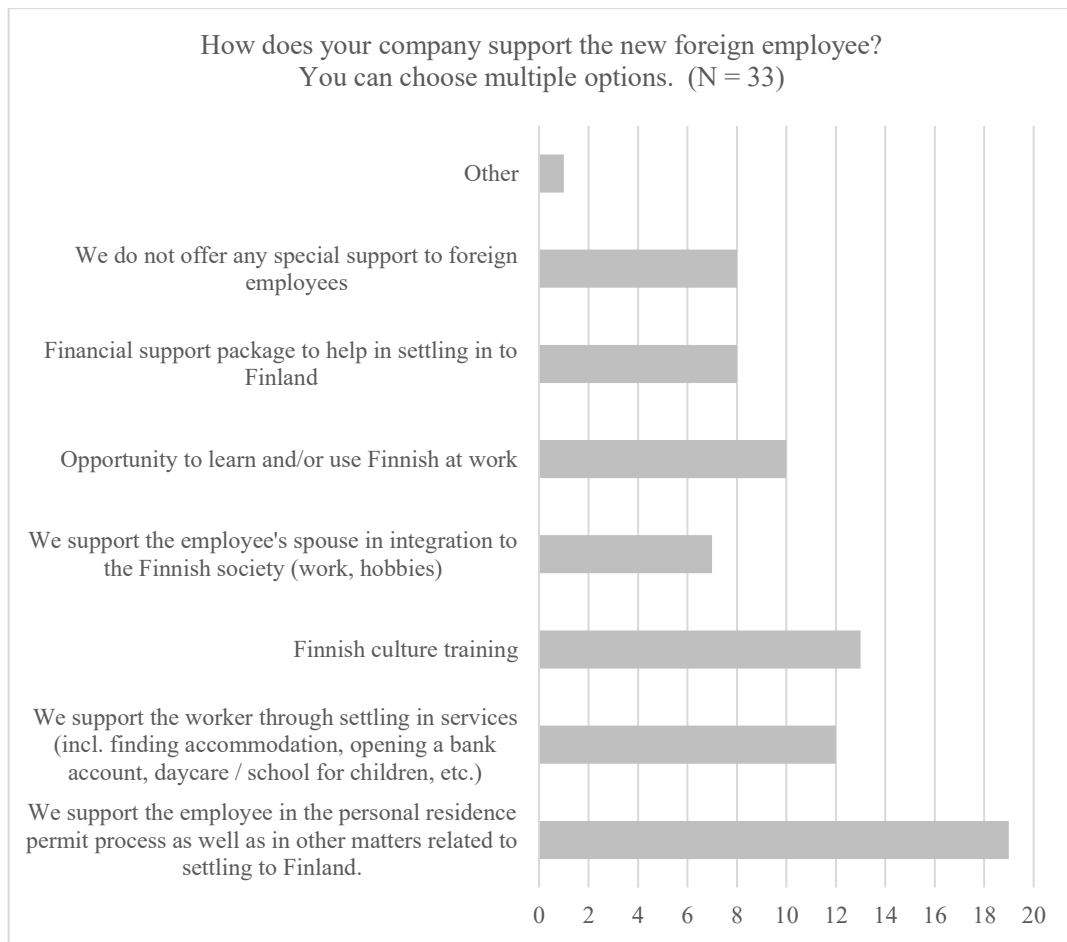


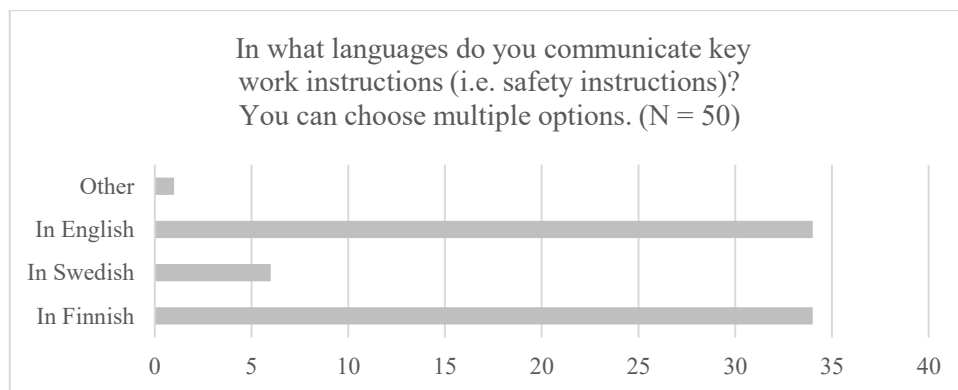
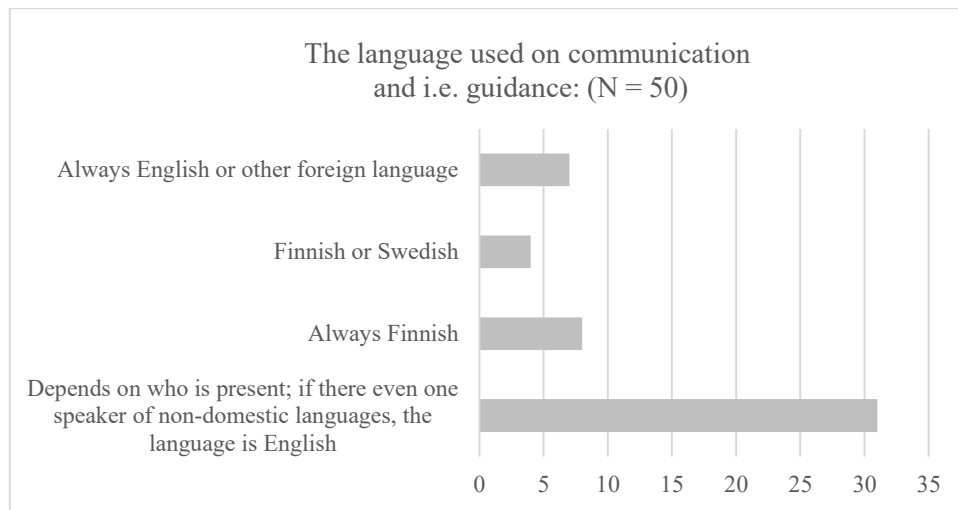
## APPENDIX 6. The frequency distributions of the multiple-choice questions.











**APPENDIX 7.** Descriptive statistics for Industry subgroups ‘ICT and software’ (ICT), ‘Consulting and business services’ (Consult.), and other sectors (Other) in relations to continuous variables.

|  |          | N  | Mean  | Std. Deviation | Std. Error | 95% Confidence Interval for Mean |             |
|--|----------|----|-------|----------------|------------|----------------------------------|-------------|
|  |          |    |       |                |            | Lower Bound                      | Upper Bound |
| Shortage of workforce                        | ICT      | 19 | 74.63 | 20.10          | 4.61       | 64.94                            | 84.32       |
|  | Consult. | 21 | 59.48 | 21.59          | 4.71       | 49.65                            | 69.31       |
|  | Other    | 52 | 61.52 | 24.07          | 3.34       | 54.82                            | 68.22       |
|  | Total    | 92 | 63.76 | 23.21          | 2.42       | 58.95                            | 68.57       |
| International growth plans                   | ICT      | 15 | 83.53 | 22.20          | 5.73       | 71.24                            | 95.83       |
|  | Consult. | 15 | 76.30 | 16.19          | 4.18       | 67.34                            | 85.26       |
|  | Other    | 47 | 68.62 | 25.80          | 3.76       | 61.04                            | 76.19       |
|  | Total    | 77 | 73.02 | 24.04          | 2.74       | 67.56                            | 78.48       |
| Hire people familiar with the target markets | ICT      | 14 | 80.36 | 24.52          | 6.55       | 66.20                            | 94.52       |
|  | Consult. | 16 | 70.44 | 21.99          | 5.50       | 58.72                            | 82.16       |
|  | Other    | 43 | 63.73 | 19.07          | 2.91       | 57.86                            | 69.60       |
|  | Total    | 73 | 68.39 | 21.52          | 2.52       | 63.37                            | 73.41       |
| Diversity adds innovation                    | ICT      | 14 | 80.07 | 19.03          | 5.09       | 69.09                            | 91.06       |
|  | Consult. | 14 | 85.36 | 15.81          | 4.22       | 76.23                            | 94.48       |
|  | Other    | 42 | 70.25 | 15.86          | 2.45       | 65.31                            | 75.19       |
|  | Total    | 70 | 75.24 | 17.48          | 2.09       | 71.07                            | 79.40       |
| Plan to hire a foreign employee: action      | ICT      | 13 | 87.69 | 18.10          | 5.02       | 76.76                            | 98.63       |
|  | Consult. | 16 | 55.56 | 32.47          | 8.12       | 38.26                            | 72.87       |
|  | Other    | 40 | 64.88 | 26.77          | 4.23       | 56.32                            | 73.44       |
|  | Total    | 69 | 67.01 | 28.58          | 3.44       | 60.15                            | 73.88       |
| Plan to hire a foreign employee: importance  | ICT      | 13 | 79.77 | 29.05          | 8.06       | 62.21                            | 97.33       |
|  | Consult. | 16 | 50.13 | 23.75          | 5.94       | 37.47                            | 62.78       |
|  | Other    | 40 | 62.00 | 17.56          | 2.78       | 56.39                            | 67.62       |
|  | Total    | 69 | 62.59 | 23.31          | 2.81       | 56.99                            | 68.19       |
| Prioritize competence: action                | ICT      | 14 | 88.07 | 14.47          | 3.87       | 79.72                            | 96.43       |
|  | Consult. | 16 | 77.44 | 25.21          | 6.30       | 64.00                            | 90.87       |
|  | Other    | 38 | 77.40 | 21.06          | 3.42       | 70.47                            | 84.32       |
|  | Total    | 68 | 79.60 | 21.14          | 2.56       | 74.49                            | 84.72       |
| Prioritize competence: importance            | ICT      | 14 | 85.43 | 22.29          | 5.96       | 72.56                            | 98.30       |
|  | Consult. | 16 | 71.69 | 22.56          | 5.64       | 59.66                            | 83.71       |
|  | Other    | 38 | 68.76 | 22.29          | 3.62       | 61.44                            | 76.09       |
|  | Total    | 68 | 72.88 | 22.97          | 2.79       | 67.32                            | 78.44       |
| International brand marketing: action        | ICT      | 14 | 55.21 | 30.05          | 8.03       | 37.86                            | 72.57       |
|  | Consult. | 15 | 53.20 | 28.63          | 7.39       | 37.35                            | 69.05       |
|  | Other    | 37 | 57.22 | 29.83          | 4.90       | 47.27                            | 67.16       |
|  | Total    | 66 | 55.88 | 29.20          | 3.59       | 48.70                            | 63.06       |
| International brand marketing: importance    | ICT      | 14 | 74.57 | 24.02          | 6.42       | 60.70                            | 88.44       |
|  | Consult. | 15 | 60.27 | 26.63          | 6.88       | 45.52                            | 75.01       |
|  | Other    | 37 | 53.03 | 23.21          | 3.82       | 45.29                            | 60.77       |
|  | Total    | 66 | 59.24 | 25.28          | 3.11       | 53.03                            | 65.46       |
| Train societal rules: action                 | ICT      | 6  | 60.00 | 33.09          | 13.51      | 25.28                            | 94.72       |
|  | Consult. | 9  | 75.56 | 20.56          | 6.85       | 59.75                            | 91.36       |
|  | Other    | 16 | 67.56 | 23.87          | 5.97       | 54.84                            | 80.28       |
|  | Total    | 31 | 68.42 | 24.70          | 4.44       | 59.36                            | 77.48       |
| Train societal rules: importance             | ICT      | 6  | 73.33 | 34.10          | 13.92      | 37.54                            | 109.12      |
|  | Consult. | 9  | 70.56 | 21.86          | 7.29       | 53.75                            | 87.36       |
|  | Other    | 16 | 75.06 | 21.24          | 5.31       | 63.75                            | 86.38       |

|   |          |    |       |       |       |       |        |
|---|----------|----|-------|-------|-------|-------|--------|
|   | Total    | 31 | 73.42 | 23.47 | 4.21  | 64.81 | 82.03  |
| Train workplace rules: action               | ICT      | 6  | 53.50 | 36.70 | 14.98 | 14.99 | 92.01  |
|   | Consult. | 8  | 79.25 | 19.11 | 6.76  | 63.28 | 95.22  |
|   | Other    | 16 | 67.50 | 26.43 | 6.61  | 53.42 | 81.59  |
|   | Total    | 30 | 67.83 | 27.57 | 5.03  | 57.54 | 78.13  |
| Train workplace rules: action               | ICT      | 6  | 81.50 | 18.45 | 7.53  | 62.14 | 100.86 |
|   | Consult. | 8  | 80.00 | 19.27 | 6.81  | 63.89 | 96.11  |
|   | Other    | 16 | 71.19 | 16.27 | 4.07  | 62.52 | 79.86  |
|   | Total    | 30 | 75.60 | 17.56 | 3.21  | 69.04 | 82.16  |
| Support networking: action                  | ICT      | 6  | 71.33 | 36.15 | 14.76 | 33.39 | 109.27 |
|   | Consult. | 8  | 80.75 | 26.55 | 9.39  | 58.55 | 102.95 |
|   | Other    | 13 | 70.77 | 23.37 | 6.48  | 56.65 | 84.89  |
|   | Total    | 27 | 73.85 | 26.72 | 5.14  | 63.28 | 84.42  |
| Support networking: importance              | ICT      | 6  | 86.17 | 12.24 | 5.00  | 73.32 | 99.01  |
|   | Consult. | 8  | 74.13 | 26.59 | 9.40  | 51.90 | 96.35  |
|   | Other    | 12 | 76.42 | 20.40 | 5.89  | 63.45 | 89.38  |
|   | Total    | 26 | 77.96 | 20.81 | 4.08  | 69.56 | 86.37  |
| Workplace is multicultural                  | ICT      | 6  | 90.58 | 6.12  | 2.50  | 84.16 | 97.01  |
|   | Consult. | 7  | 83.50 | 18.99 | 7.18  | 65.94 | 101.06 |
|   | Other    | 16 | 69.69 | 23.72 | 5.93  | 57.05 | 82.33  |
|   | Total    | 29 | 77.35 | 21.58 | 4.01  | 69.14 | 85.55  |
| Workplace is ready for multiculturalism     | ICT      | 6  | 77.00 | 17.93 | 7.32  | 58.18 | 95.82  |
|   | Consult. | 6  | 81.67 | 9.96  | 4.07  | 71.21 | 92.12  |
|   | Other    | 11 | 44.23 | 22.23 | 6.70  | 29.29 | 59.16  |
|   | Total    | 23 | 62.54 | 25.39 | 5.29  | 51.56 | 73.52  |
| Discussions on multiculturalism: action     | ICT      | 11 | 66.64 | 24.27 | 7.32  | 50.33 | 82.94  |
|   | Consult. | 14 | 77.14 | 17.29 | 4.62  | 67.16 | 87.13  |
|   | Other    | 25 | 50.28 | 27.06 | 5.41  | 39.11 | 61.45  |
|   | Total    | 50 | 61.40 | 26.43 | 3.74  | 53.89 | 68.91  |
| Discussions on multiculturalism: importance | ICT      | 11 | 78.64 | 21.38 | 6.45  | 64.27 | 93.00  |
|   | Consult. | 14 | 72.71 | 25.84 | 6.91  | 57.79 | 87.64  |
|   | Other    | 25 | 64.40 | 21.48 | 4.30  | 55.53 | 73.27  |
|   | Total    | 50 | 69.86 | 23.05 | 3.26  | 63.31 | 76.41  |
| Offer equal opportunities: action           | ICT      | 11 | 83.91 | 17.71 | 5.34  | 72.01 | 95.80  |
|   | Consult. | 13 | 86.92 | 17.20 | 4.77  | 76.53 | 97.32  |
|   | Other    | 25 | 72.44 | 23.27 | 4.65  | 62.84 | 82.04  |
|   | Total    | 49 | 78.86 | 21.33 | 3.05  | 72.73 | 84.98  |
| Offer equal opportunities: importance       | ICT      | 11 | 81.82 | 16.91 | 5.10  | 70.46 | 93.18  |
|   | Consult. | 13 | 81.62 | 21.34 | 5.92  | 68.72 | 94.51  |
|   | Other    | 25 | 73.44 | 23.45 | 4.69  | 63.76 | 83.12  |
|   | Total    | 49 | 77.49 | 21.58 | 3.08  | 71.29 | 83.69  |
| Encourage career advancement: action        | ICT      | 6  | 77.83 | 38.76 | 15.82 | 37.15 | 118.51 |
|   | Consult. | 7  | 85.14 | 22.45 | 8.49  | 64.38 | 105.91 |
|   | Other    | 15 | 60.67 | 27.69 | 7.15  | 45.33 | 76.00  |
|   | Total    | 28 | 70.46 | 30.15 | 5.70  | 58.77 | 82.16  |
| Encourage career advancement: Importance    | ICT      | 6  | 90.83 | 8.98  | 3.66  | 81.41 | 100.25 |
|   | Consult. | 7  | 84.00 | 23.85 | 9.02  | 61.94 | 106.06 |
|   | Other    | 15 | 61.80 | 26.31 | 6.79  | 47.23 | 76.37  |
|   | Total    | 28 | 73.57 | 25.92 | 4.90  | 63.52 | 83.62  |
| Managers open-minded attitude               | ICT      | 12 | 81.92 | 14.69 | 4.24  | 72.58 | 91.25  |
|   | Consult. | 13 | 83.04 | 19.09 | 5.30  | 71.50 | 94.58  |
|   | Other    | 25 | 62.82 | 25.87 | 5.17  | 52.14 | 73.50  |
|   | Total    | 50 | 72.66 | 23.76 | 3.36  | 65.91 | 79.41  |
| Managers' skills for leading                | ICT      | 6  | 82.08 | 6.07  | 2.48  | 75.71 | 88.45  |
|   | Consult. | 8  | 76.75 | 25.79 | 9.12  | 55.19 | 98.31  |
|   | Other    | 15 | 65.37 | 16.73 | 4.32  | 56.10 | 74.63  |



|                                   |          |    |       |       |       |       |        |
|-----------------------------------|----------|----|-------|-------|-------|-------|--------|
| multiculturalism                  | Total    | 29 | 71.97 | 19.10 | 3.55  | 64.70 | 79.23  |
| Coaching for managers: action     | ICT      | 6  | 39.83 | 36.55 | 14.92 | 1.47  | 78.19  |
|                                   | Consult. | 7  | 48.29 | 36.86 | 13.93 | 14.19 | 82.38  |
|                                   | Other    | 15 | 47.20 | 28.55 | 7.37  | 31.39 | 63.01  |
|                                   | Total    | 28 | 45.89 | 31.35 | 5.92  | 33.74 | 58.05  |
| Coaching for managers: importance | ICT      | 6  | 68.00 | 28.69 | 11.71 | 37.89 | 98.11  |
|                                   | Consult. | 7  | 68.43 | 37.85 | 14.31 | 33.42 | 103.44 |
|                                   | Other    | 15 | 61.87 | 22.15 | 5.72  | 49.60 | 74.13  |
|                                   | Total    | 28 | 64.82 | 27.12 | 5.13  | 54.30 | 75.34  |
| Identified the need for coaching  | ICT      | 6  | 56.33 | 19.64 | 8.02  | 35.72 | 76.95  |
|                                   | Consult. | 4  | 50.00 | 31.58 | 15.79 | -0.26 | 100.26 |
|                                   | Other    | 11 | 53.46 | 22.91 | 6.91  | 38.06 | 68.85  |
|                                   | Total    | 21 | 53.62 | 22.66 | 4.94  | 43.31 | 63.93  |

**APPENDIX 8.** The Kruskal Wallis test for Industry subgroups ‘ICT and software’, ‘Consulting and business services’, and other sectors in relations to continuous variables.

|   | <i>Test Statistics<sup>a,b</sup></i> |    |             |
|---|--------------------------------------|----|-------------|
|   | Kruskal-Wallis H                     | df | Asymp. Sig. |
| Shortage of workforce                         | 5.393                                | 2  | 0.067       |
| International growth plans                    | 4.986                                | 2  | 0.083       |
| Hire people familiar with the target markets  | 7.971                                | 2  | 0.019       |
| Diversity adds innovation                     | 9.536                                | 2  | 0.008       |
| Plan to hire a foreign employee: action       | 11.135                               | 2  | 0.004       |
| Plan to hire a foreign employee: importance   | 8.917                                | 2  | 0.012       |
| Prioritize competence: action                 | 3.099                                | 2  | 0.212       |
| Prioritize competence: importance             | 7.079                                | 2  | 0.029       |
| International brand marketing: action         | 0.352                                | 2  | 0.839       |
| International brand marketing: importance     | 7.787                                | 2  | 0.020       |
| Train societal rules: action                  | 0.749                                | 2  | 0.688       |
| Train societal rules: importance              | 0.497                                | 2  | 0.780       |
| Train workplace rules: action                 | 2.194                                | 2  | 0.334       |
| Train workplace rules: importance             | 2.284                                | 2  | 0.319       |
| Support networking: action                    | 2.278                                | 2  | 0.320       |
| Support networking: importance                | 0.894                                | 2  | 0.640       |
| Workplace is multicultural                    | 5.099                                | 2  | 0.078       |
| Workplace is ready for multiculturalism       | 13.097                               | 2  | 0.001       |
| Discussions on multiculturalism: action       | 9.391                                | 2  | 0.009       |
| Discussions on multiculturalism: importance   | 3.823                                | 2  | 0.148       |
| Offer equal opportunities: action             | 6.845                                | 2  | 0.033       |
| Offer equal opportunities: importance         | 1.951                                | 2  | 0.377       |
| Encourage career advancement: action          | 7.296                                | 2  | 0.026       |
| Encourage career advancement: importance      | 7.344                                | 2  | 0.025       |
| Managers open-minded attitude                 | 8.684                                | 2  | 0.013       |
| Managers’ skills for leading multiculturalism | 5.210                                | 2  | 0.074       |
| Coaching for managers: action                 | 0.561                                | 2  | 0.755       |
| Coaching for managers: importance             | 1.244                                | 2  | 0.537       |
| Identified the need for coaching              | 0.152                                | 2  | 0.927       |

a. Kruskal Wallis Test

b. Grouping Variable: ‘ICT and software’, ‘Consulting and business services’, and other sectors